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SENATE
RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Monday, 21 October 2019

Members in attendance: Senators Antic, Brockman, Carol Brown, Davey, Faruqi, Gallacher, Hanson, Lines, McCarthy, McDonald, McMahon, Patrick, Polley, Rennick, Roberts, Dean Smith, Sterle, Van, Watt.
INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT PORTFOLIO

In Attendance

Senator McKenzie, Minister for Agriculture

Department of Infrastructure, Transport, Cities and Regional Development

Executive

Ms Pip Spence PSM, Acting Secretary
Dr Rachel Bacon, Deputy Secretary
Mr Brendan McRandle, Acting Deputy Secretary
Mr Luke Yeaman, Deputy Secretary

Airservices Australia

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

Aviation and Airports Division

Mr Jim Wolfe, Acting Executive Director
Mr Stephen Borthwick, General Manager, Aviation Industry Policy
Ms Ann Redmond, General Manager, Airports
Mr Simon Moore, General Manager, Air Traffic Policy
Mr Stephen Shaw, Director, International Regional

Cities Division

Mr Richard Wood, Executive Director
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) Policy and Programs
Ms Kim Forbes, Acting General Manager, City Deals (Queensland)

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 Crome, 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 Craig Martin, Acting Executive Manager Regulatory Services and Surveillance

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

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

**Infrastructure Investment Division**
- Ms Christine Dacey, Executive Director
- Mr Phil McClure, General Manager, Investment Advisory Branch
- Mr Daniel Caruso, General Manager, Investment Policy and Programs Branch
- Ms Shona Rosengren, General Manager, North West Infrastructure Investment
- Dr Oliver Holm, General Manager, South East Infrastructure Investment
- Mr Mitch Pirie, General Manager, Infrastructure Investment Transformation Taskforce

**Inland Rail Division**
- Mr Philip Smith, Executive Director
- Ms Christine Garbin, General Manager, Operations
- Dr Garth Taylor, General Manager, Communications, Social Value and Regional Delivery

**National Faster Rail Agency**
- Mr Malcolm Southwell, Acting Chief Executive Officer
- Mr Andrew Hyles, General Manager, Policy and Projects

**National Water Grid Authority**
- Ms Ruth Wall, Acting Executive Director
- Mr Drue Edwards, Acting General Manager, Water Infrastructure Policy Branch
- Mr Matthew Squire, Director, North Queensland Water Infrastructure Authority

**North Queensland Water Infrastructure Authority**
- Matthew Squire, Interim Chief Operating Officer

**Regional Development and Local Government Division**
- Ms Diana Hallam, Executive Director
- Ms Donna Wieland, General Manager, Regional Programs
- Mr Chris Faris, General Manager, Local Government and Regional Engagement
- Ms Maxine Loynd, General Manager, Regional Policy
Ms Pauline Halchuck, Director, Barkly Regional Deal

**Surface Transport Policy Division**
- Ms Jessica Hall, Executive Director
- Ms Sharon Nyakuengama, General Manager, Vehicle Safety Standards
- Mr Andrew Johnson, General Manager, Maritime and Shipping
- Ms Sue Tucker, Acting General Manager, Office of Road Safety
- Mr Mark Darrough, Acting General Manager, Land Transport Policy
- Dr Gary Dolman PSM, Head of Bureau, Bureau of Infrastructure, Transport and Regional Economics, Policy Coordination and Research Division

**Western Sydney Unit**
- Ms Kerryn Vine-Camp, Executive Director, Western Sydney Unit
- Ms Sarah Leeming, General Manager Regulatory, Environment and Stakeholder Engagement Branch
- Mr Greg Whalen, General Manager, Program and Shareholder Management Branch
- Mr Christian Beekes, Acting General Manager, Rail and City Deal Implementation Branch
- Mr Stuart Valentine, Director, Regulatory and Policy Advice, Regulatory, Environment and Stakeholder Engagement Branch
- Mr Gary McGregor, Director, Western Sydney Airport Rail Network Strategy, Rail and City Deal Implementation Branch

**Western Sydney Airport**
- Mr Graham Millett, Chief Executive Officer
- Ms Shelley Cole, Chief Financial Officer

**Committee met at 09:00**

CHAIR (Senator McDonald): I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2019-20 and related documents for the infrastructure, transport, cities and regional development portfolio. The committee may also explore 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. The proceedings today will begin with an examination of corporate services within the Department of Infrastructure, Transport, Cities and Regional Development. The committee has fixed Friday 6 December 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 Friday 8 November 2019.

Under standing orders 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 of questions at estimates hearings. Any questions going to the operations or financial positions of the department 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 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 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 from 13 May 2019 specifying the process by which a claim of public interest immunity should be raised.

*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.

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RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
(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)

(Extract, Senate Standing Orders)

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 requirement 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.

**Department of Infrastructure, Transport, Cities and Regional Development**

[09:03]

**CHAIR:** I welcome Senator the Hon. Bridget McKenzie, Minister for Agriculture, representing the Minister for Infrastructure, Transport and Regional Development; Ms Pip Spence, Acting Secretary of the Department of Infrastructure, Transport, Cities and Regional Development; and officers of the department. Minister, do you or Ms Spence wish to make an opening statement?

**Senator McKenzie:** I think Ms Spence has an opening statement on behalf of the minister.

**Ms Spence:** Thanks, Minister. I want to update the committee on some of the structural changes to the portfolio and department since the last estimates hearing in April this year. Following the federal election in May, the population policy function has transferred to the Treasury portfolio. This was reflected in the updated administrative arrangements order that was issued on 29 May 2019. The infrastructure project financing authority also transitioned from this portfolio to the Treasury portfolio in August. On 1 July 201, the National Faster Rail Agency was created as an executive agency within the portfolio in line with government's 2019-20 budget commitment. An interim CEO has been appointed and a recruitment process is underway for a permanent CEO. As announced in the 2019-20 budget, the Office Of Road Safety has been established within the department. Again, a recruitment process is underway for the head of the office.
The Deputy Prime Minister announced on 14 September the establishment of the National Water Grid Authority. The authority was stood up on 1 October within the department. Issues relating to the authority are scheduled for consideration on Friday's hearings. To support the new authority, water functions will move from the Department of Agriculture to the department. We expect these changes to come into effect towards the end of the year. It is expected that the new water group will be established within the department overseen by the deputy secretary. Recruitment for this position is underway. Thanks, Senator.

CHAIR: Thank you.

Senator STERLE: I am going to pass all our questions to Senator Watt.

CHAIR: Thank you. Senator Rennick, do you have a question to begin? Sorry, Senator Sterle, do you normally have the first question? Are you ready to go, Senator Watt?

Senator WATT: I sure am—raring to go. Is that a nervous chuckle or an evil chuckle?

Senator McKenzie: It's 9 am.

Senator WATT: We've got a very long day. Thanks, everyone, for coming along today. Ms Spence, Senator Sterle, as deputy chair of the committee, wrote to you on 14 October requesting a range of information from the department. Do you have that information available for tabling?

Ms Spence: We were going to table it when we came to those items—when we get to regional and then the Infrastructure Investment Division. We do have the information available.

Senator WATT: I am asking about it now in corporate services as a cross-departmental issue. Would it be possible to get those documents now for the relevant departments? I won't be asking you questions about them now, because we'll obviously need to look at them.

Ms Spence: I think we might need a few more minutes to get some of the regional ones coming through. We'll get the secretariat to bring the material through.

Senator WATT: Could you table across the whole portfolio as soon as you can.

Ms Spence: Yes.

Senator WATT: The purpose of asking for that information is so we can ask some questions in the relevant areas.

Ms Spence: Yes.

Senator WATT: Ms Spence, I think I'm right that you've been acting in the role now about three months?

Ms Spence: No, just under two months.

Senator WATT: But the promotion of Dr Kennedy, the former secretary, to Treasury secretary was announced about three months ago. Minister, it is probably best if I direct this to you. Has a decision been reached on a new secretary for the department yet?

Senator McKenzie: No, it has not.

Senator WATT: When do you expect an announcement is going to be made?

Senator McKenzie: In due course.

Senator WATT: Can you do a bit better than that?
Senator McKenzie: Well, as would you appreciate, Senator Watt, this isn't my personal portfolio. The Minister for Infrastructure, Transport and Regional Development and the government are undertaking the appropriate processes to appoint a new secretary as soon as possible. But Ms Spence is doing a really great job in the acting role.

Senator WATT: I'm sure she is. Can you tell us where the recruitment process is up to?

Ms Spence: Sorry, Senator, no.

Senator McKenzie: I don't have any information to that effect.

Senator STERLE: It's a secret?

Senator McKenzie: No, it's not a secret, Senator Sterle. I could take that on notice.

Senator WATT: I don't know whether there is someone within the HR department who might have some more information. Is the recruitment being handled by the department?

Ms Spence: No, it's a matter for the minister.

Senator WATT: But there must be some sort of advertising process.

Senator McKenzie: Senator Watt, I'll take that on notice and find out what I can on the process from the minister's office.

Senator WATT: There's obviously a lot of interest in the community around infrastructure delivery. It's obviously a key component of future economic growth. So there is some interest in finding out when the role is going to be fulfilled. Ms Spence may be doing a fantastic job; I don't know.

Senator McKenzie: Well, I can assure you that Ms Spence is and that, indeed, the government's rollout of our $100 billion infrastructure plan is actually proceeding.

Senator WATT: Well, we'll look at that today, won't we?

Senator McKenzie: Dr Kennedy's shift to another department has in no way impacted on the rollout of our infrastructure plan.

Senator WATT: I wouldn't have thought it is a complicated thing to get an answer on.

Senator McKenzie: I'll take it on notice.

Senator WATT: Can you try to get that back today as well?

Senator McKenzie: Yes.

Senator WATT: Where we are up to with the recruitment process?

Senator STERLE: Is your hat in the ring, Ms Spence? It's a fair question.

Ms Spence: It's not—

Senator STERLE: It's not? Okay.

Senator McKenzie: The question is around the process for appointing a new secretary. I'll consult with the minister responsible and get back to you.

Senator STERLE: She is acting. She might have her hat in the ring. What is the secret there?

Ms Spence: There's no secret.

Senator RENNICK: If she's acting, what's the problem? She's obviously doing the job.
Senator STERLE: There you go. Senator Rennick, we don't need to go any further. Ms Spence has got the job or should have the job.

Senator WATT: Well done, Senator Sterle. You're a pin shooter. Forgive my ignorance, Ms Spence. You were a deputy secretary in the department, were you?

Ms Spence: Yes, that's right.

Senator WATT: I have a couple of questions about election commitment tracking. This is obviously our first hearing since the May federal election. I'm interested in establishing what processes the department uses to keep track of election commitments. Has the department compiled a full list of all the commitments that need to be delivered across the portfolio over this parliamentary term?

Ms Spence: Yes. We do keep track of all election commitments and have reporting arrangements in place.

Senator WATT: So that is the way it works? Each department monitors the commitments that fall in its own portfolio?

Ms Spence: Yes.

Senator WATT: And PM&C or Treasury—one of the central agencies—manages that across government. Is that how it works?

Ms Spence: Yes, there is a centralised approach, but we monitor the election commitments for which this portfolio is responsible.

Senator WATT: So your department does have a list of all commitments that need to be delivered over this term?

Ms Spence: Yes.

Senator WATT: Would you be able to table that list for us?

Ms Spence: I would have to take that on notice; I'm sorry.

Senator WATT: Okay. So that list is compiled. There are a range of officials within your department who are responsible for compiling that list?

Ms Spence: Yes.

Senator WATT: Is there anything else that is relevant about how that list is compiled?

Ms Spence: Not that I can think of, no.

Senator WATT: As with any other matter, there's just involvement between the department and the minister's office?

Ms Spence: There is also the central agency role as well as confirming all election commitments as well.

Senator WATT: How many staff are dedicated to tracking the delivery of election commitments by the department?

Ms Spence: We've got an area within the department that does a number of functions, which includes tracking election commitments. We don't have any individual officer whose sole responsibility it is for tracking election commitments.

Senator WATT: So they do this as well as other duties?

Ms Spence: That's right.
Senator WATT: What part of the department manages this?
Ms Spence: It is managed within our portfolio coordination and research division.
Senator WATT: What other work do they do?
Ms Spence: The division as a whole includes our economic research area. It includes Commonwealth-state relations support, the general coordination of briefing and strategic policy development. It is quite a broad-ranging area within the department.
Senator WATT: How does the department report on the delivery of election commitments?
Ms Spence: It provides regular updates to the Deputy Prime Minister and other ministers in the portfolio on progress that is being made.
Senator WATT: Regular updates. Are they in writing?
Ms Spence: Yes.
Senator WATT: When you say 'regular', how often?
Ms Spence: Six-monthly, I think. I would have to take that on notice and confirm.
Senator WATT: Has there been a report produced since the election?
Ms Spence: No.
Senator WATT: But you would expect that, probably, in about a month's time, if we're looking at six-monthly?
Ms Spence: Yes.
Senator WATT: So there's a draft underway at the moment?
Ms Spence: We are tracking the development. I don't know if there's a specific draft that is being prepared at the moment. I don't know whether we've gone out for the request for updates. But we've got a format that we use.
Senator WATT: Obviously if we can get you to table a list, a lot of these questions would be redundant. I'm trying to establish what this report looks like.
Ms Spence: Essentially, it's a table with a list of election commitments and a summary of when they are required to be completed by and what the status of them would be, in essence.
Senator RENNICK: You've got something there.
Senator WATT: Is the document I've received the response to Senator Sterle?
Ms Spence: Yes. That's right. That is for the Infrastructure Investment Program.
CHAIR: I want to ask whether the committee agrees that this document be tabled.
Senator WATT: Yes. I will come back to that in a moment. Does it operate on a traffic light system?
Ms Spence: Essentially, yes: on track, need to watch, not on track.
Senator WATT: Do you know whether there are any commitments that fall into, as you put it, not on track or need to watch?
Ms Spence: I am sorry. I don't have that information in front of me.
Senator WATT: Is there an officer here who would know?
Ms Spence: No, there's not.
Senator WATT: There's not anyone who's monitoring election commitments who is here?

Ms Spence: The relevant division was not actually called to these hearings. As I said, I don't think we have a draft of the report prepared, so I'm unable to say which ones would fall into which category at this stage.

Senator WATT: Which deputy secretary does this branch report to?

Ms Spence: Brendan McRandle.

Senator WATT: Is he here?

Ms Spence: Yes. As I said, the situation is that we do not have a draft report, so therefore we can't say whether items are on track or not on track. We haven't reached that point in the development of the report.

Senator WATT: So there isn't yet a draft report?

Ms Spence: To the best of my knowledge, neither I nor Mr McRandle would have access to a draft report. We don't know at what stage of the preparation of that report that would be.

Senator WATT: Is he in the building?

Ms Spence: If he is in there, I'm sure he will be coming through now.

CHAIR: Perhaps we can keep going with other questions.

Senator WATT: While we are waiting, there is the document that is now being tabled. I appreciate that's not in front of you. I'm not going to ask detailed questions. I know you haven't got it there. It's headed 'Infrastructure Investment Program: Projects announced since the 2018-19 budget'.

Ms Spence: That's in response to Senator Sterle's request. The officers best able to answer any questions in relation to that will be in the infrastructure investment division that is coming after morning tea.

Senator WATT: I will come back to it at that point. Does that cover everything Senator Sterle asked for?

Mr Yeaman: I was on my way to the room. Could you please repeat the question.

Senator WATT: Does this table that we've now received cover all of the information that Senator Sterle asked for?

Mr Yeaman: As I was going to explain when we reached the relevant item, what we've done in the time available is, consistent with the last hearings and consistent with the request, provide a 14-year funding profile for all projects that have an agreed funding profile by government. You asked for all projects that are in the IIP to be included. In the time available, we haven't been able to provide every single project yet. We are happy to do it subsequent to the hearings. We focused on the most current projects. We've covered about 360 projects there. We have expanded on the previous list that was provided to the last estimates hearings.
by going back to all projects that have been announced since the 2018-19 budget and since, including the last budget and all election commitments. But there is a manual process in the department. We have this information to hand. We track it. We have a manual process to check the project descriptions. Some of the things you've asked for are not covered by our standard tracking, so there is a manual process to go through and understand that. There are still about 260 projects, I think, in our program which are all prior to the 2018-19 budget that we have not included in that table but which we are endeavouring to go through and compile. We will seek to table that post the hearings. In the time available, we've tried to give you the best information that we can.

**Senator WATT:** You did say that about 260 projects have been announced since the budget?

**Mr Yeaman:** No. There are 360 in that table, which is all the ones since the 2018-19 budget. They are prior to the last one. They are all included. Approximately 260 projects are still in our Infrastructure Investment Program that were announced in the period prior to the 2018-19 budget and are obviously still tracking through the program. They are not as current in terms of recent announcements.

**Senator WATT:** So these are older projects?

**Mr Yeaman:** The older projects are not included on the list.

**Senator WATT:** Thank you for preparing that at such short notice. I notice that the document sets out the subprogram. It might be the Urban Congestion Fund, the Roads of Strategic Importance or whatever it is. Is it possible to get that in an emailed form so that it can be sorted differently? For instance, if I want to establish—

**CHAIR:** Senator Watt, if you have some questions on this right now, let's keep moving on.

**Senator WATT:** It's about being able to read it properly. If we want to, for instance, be able to establish everything in a particular subprogram, it's obviously a bit complicated to have to go through the entire document. Is it possible to get that in an emailed form?

**Senator McKenzie:** Senator Watt, the reason it's tabled now instead of when it was going to be tabled is so that your staff can actually have time. That's the argument you made—agreed?—

**Senator WATT:** Yes.

**Senator McKenzie:** to have the document. Rather than wanting e-copies shipped around, I think it would be best if we got to work on the type of data sorting that you're wanting to do so that you're ready to ask the questions you want to ask at the appropriate time in the program.

**Senator WATT:** I'm happy if you want to do it in a hard copy version rather than email. It's not as if we're going to do anything with the email version. It's if we want to go to particular subprograms. Rather than having to look through the entire document finding every item, it would be helpful if we could have a version that sorted that way as well.

**Senator RENNICK:** Sorted by state?

**Senator WATT:** No, by subprogram. It is sorted by state, and that's good.
Ms Spence: We'll see what we can do between now and when the infrastructure division comes forward.

Senator WATT: Okay. I go to Senator Sterle's letter. He asked for—

CHAIR: Can the committee agree that this new additional document be tabled that we've just received? It forms part of the responses to Senator Sterle's questions.

Senator WATT: Sure. I'm trying to clarify what we've got compared to what we asked for. Senator Sterle asked for the full 10-year funding profiles for projects to be delivered under the government's 10-year infrastructure program. That's this large A3 document. Is that right?

Mr Yeaman: Correct.

Senator WATT: Except for, as you say, some of the older projects.

Mr Yeaman: Correct.

Senator WATT: He also asked for, under the regional development and local government division, information on projects to be delivered under programs in that division, including a whole range of grant programs. That's contained in this new document, is it?

Ms Spence: That's right.

Senator WATT: Is there anything not included there that we asked for in the same way there were older projects not included in the infrastructure—

Ms Spence: I'll turn to Dr Bacon.

Dr Bacon: We've taken a similar approach to what Mr Yeaman was talking about in that we've done our best in the timeframe. We've taken a consistent approach, as we did to the last information request from April. The current request was broader, covering all programs, so we've done our best in the timeframe. Some information, though, we haven't been able to provide in time because there's information in the request that isn't actually collected as part of our reporting system. So some of the information isn't actually relevant to the parameters of the programs that we administer. For example, you asked for information including by electorate for every project. That's not something that we include or gather information on as a matter of course as part of our role in administering our programs except for one program. Another example is that you asked for information around contributions from different levels of government. That's not something we capture within our systems either. We have done our best in the timeframe. There are thousands of projects in the list that we've provided. We're very happy to take any further questions and answer them to the best of our ability in the session.

Senator WATT: Sure. Thanks for that. Again, thanks for putting that together so quickly. I take it, then, that each of the programs that we were set out in Senator Sterle's letter, ranging from the Community Development Grants Program to regional jobs and investment packages, are all covered in this letter. I just haven't had a chance to look at it yet.

Dr Bacon: Yes. We've covered all of those programs. The one exception is that part of the request included the regional deal program. We have three pilot regional deals currently. We're not currently treating that as a program.

Senator WATT: So the regional deals are not included in this?
Dr Bacon: No.

Senator WATT: The cities division was one of the other aspects of the letter from Senator Sterle. That's in here as well?

Mr Yeaman: We have that information. I think it's still being brought in. The cities division is later, so we'll have that very soon.

Senator WATT: In terms of what Senator Sterle asked for, that's the only information that hasn't been tabled yet?

Mr Yeaman: Yes, correct. I can indicate that the cities material is consistent with the last request at the last hearings. There's no obvious discrepancies between what was requested and what is provided. That's my understanding.

Senator WATT: Thank you for that. I want to go back to the election commitments point. Mr McRandle, thanks for joining us. I am trying to get an understanding of the process and the format of this. Is there a draft election commitment report underway?

Mr McRandle: There's not an update, as far as I am aware. We are checking back in the department. I'm not aware of a current update to that being done. There was a set of election commitments settled as an outcome of the election when the government was formed. It is a list of the election commitments that constituted the campaign. But there hasn't been, as far as I am aware, a request for a status report or an update to those since the election.

Senator WATT: When would you expect to be preparing the first report on how election commitments are going?

Mr McRandle: We would be working with the minister around the timing for when the minister or the government might seek an update for the election commitment implementation. Obviously, the projects that were part of the government's election commitments are being actively implemented across the various parts of the organisation. Bringing those together in a report will be a decision for the Deputy Prime Minister in terms of when he would like an update.

Senator WATT: Okay. So there is a list of commitments that have been made, but there's not yet a draft report looking at how those commitments are going in terms of their delivery?

Ms Spence: That's right.

Senator WATT: Are there any verbal discussions happening with ministers about election commitment delivery?

Mr McRandle: Those conversations may be occurring between individual divisions and the senior executive officers in those divisions. I'm not aware of specific conversations, but I would be unsurprised if there were conversations between the relevant minister and the relevant part of the organisation.

Senator WATT: Mr McRandle or Ms Spence, are there any election commitments made that the department has informed ministers, to use your terms, are not on track, or whatever the middle level was?

Ms Spence: Not that I'm aware of.

Mr McRandle: The same for me.

Senator WATT: I'm sure you'll want to give someone else a go at some point.
CHAIR: Thank you.

Senator RENNICK: What role do state and territory governments play in the delivery of expenditure in regional programs and infrastructure investment?

Dr Bacon: I might ask my colleague Ms Diana Hallam to come to the table for this question. In terms of the different programs that we administer in the department, a range of different programs have different parameters.

Senator RENNICK: Sure.

Dr Bacon: Generally, the Commonwealth will provide for money in the budget around a particular program. There are some programs where matching co-contributions would be sought from project proponents. So it probably depends on the individual program as to the role of the state and territory governments. If there's a particular program that you'd like to drill into, we have the officers here and we're happy to take those questions.

Senator RENNICK: That's fine. What is the difference between the level of spending on infrastructure and regional development over the last three years compared to the final three years under Labor?

Senator STERLE: We're going down that path early in estimates, are we? Okay, gloves are off.

Dr Bacon: Senator, are you referring to infrastructure projects?

Senator RENNICK: Infrastructure projects.

Senator STERLE: Righto. You've set the ground rules pretty well with this.

Dr Bacon: I might need to refer that question to my colleague Mr Yeaman, because the infrastructure division is scheduled to occur a bit later.

Ms Spence: The officers who are best able to answer that aren't actually at the table at the moment. We were presuming those sorts of questions would come up under the infrastructure investment division, which is coming on after morning tea.

Senator RENNICK: Sure. No worries.

Senator ANTIC: I guess ultimately it's a regional committee, but I'm interested in a few more of these projects individually. We'll probably deal with those—

CHAIR: Later on in the infrastructure section.

Senator ANTIC: Yes, at a later date. The Commonwealth's infrastructure commitment has clearly increased. Can we get some more clarity in relation to how much that has increased over the last three years? That is for the Commonwealth specifically rather than the states.

Ms Spence: I'm happy to get the relevant officers to the table now if that's what the chair would like. As I said, we thought those questions would be better answered under the infrastructure investment division after morning tea. Obviously, we are happy to work with the committee in how they'd like to handle the session.

Senator ANTIC: I'm happy to come back to that question. My questions relate more to individual projects.
CHAIR: Terrific. We'll come back to that. Senator Sterle had asked for the data to be cut by electorates. Given that infrastructure projects often run across multiple electorates, is that something that you would do normally? Do you have to go back and match each project?

Ms Spence: For those projects where we are able to match by electorate, we have. There are some examples in the regional space, for example, where it's just not possible to break it down on an electorate basis.

Senator STERLE: We understand that.

CHAIR: It was a question for my own information as to how that happens. Thank you. Senator Watt, are you finished?

Senator WATT: I have a few more in this corporate services area. The Prime Minister provides ministerial charter letters to ministers. Ms Spence, my understanding is that departmental secretaries almost always receive a copy of these charter letters. Have you received a copy of the charter letter for your minister?

Ms Spence: Yes. We do have visibility for the charter letter process, yes.

Senator WATT: When you say you have visibility, does that mean you have a copy?

Ms Spence: Yes. I have seen the charter letter, yes.

Senator WATT: From that letter, can you advise the key deliverables for this portfolio over this term of parliament?

Ms Spence: I don't have the letter with me. The key deliverable is obviously in the infrastructure delivery space.

Senator WATT: What does that mean? What are you expected to deliver?

Ms Spence: The projects that are being funded through the major infrastructure program and the projects through the regional programs.

Senator WATT: Is it just a general 'please deliver all the infrastructure that we committed to', or is it more specific than that?

Ms Spence: I'm sorry, I don't have it in front of me, so I genuinely can't recall the detail of it.

Senator WATT: Could you please table a copy of the charter letter?

Ms Spence: No.

Senator WATT: Do you want to take that on notice?

Ms Spence: I'll take that on notice.

Senator WATT: What process does the department have for delivering those key objectives that are set out in the charter letter? We talked about election commitments and the process you have for tracking them. With the charter letter, is there a similar process that the department has to ensure those priorities are delivered?

Ms Spence: If you're talking about reporting arrangements, yes, we have reporting arrangements to provide advice on how all of the major priorities are being delivered.

Senator WATT: Individual ministers within the portfolio receive a separate charter letter.

Ms Spence: The senior ministers in the portfolio receive a charter letter.

Senator WATT: In your case, that's only the Deputy Prime Minister?
Ms Spence: No. We have three cabinet ministers within the portfolio. There is Minister Tudge and Minister Littleproud as well.

Senator WATT: So they've each received a charter letter?

Ms Spence: All senior ministers receive a charter letter, yes.

Senator WATT: And they've each been given different priorities based on the nature of their portfolio?

Ms Spence: Yes.

Senator GALLACHER: When do we get to find out what those priorities are?

Senator WATT: Yes. That's what we'd be keen to see from the charter letter.

Senator McKenzie: As cabinet documents, you'll find out specifically what is in charter letters when the cabinet documents are released.

Senator WATT: In about 20 years we can come back.

Senator McKenzie: There you go. But, with respect to this particular portfolio, the proof will be in the pudding as infrastructure is rolled out over the coming decade.

Senator WATT: How would we know if we don't know what is in the charter letter?

Senator McKenzie: You don't need to know what's in the charter letter to know that our government is committed to delivering $100 billion worth of infrastructure projects. You've got it here, right? It's all here, Senator Sterle and Senator Watt.

Senator WATT: Do you think there's any irony in telling the committee what it needs to know on a day when every major newspaper in the country is campaigning about the public's right to know?

Senator McKenzie: Senator, you know from when your party was in government that charter letters are cabinet documents and, therefore, in confidence.

Senator WATT: So it's a bit like the coalition agreement—it happens and we never know what's in it?

CHAIR: Senator Watt, do you have any more questions?

Senator WATT: The point is that we haven't got the recipe for the pudding, let alone the pudding.

Senator McKenzie: I think the documents that have been tabled, Senator Watt, are pretty clear indications of the number of projects that our government is rolling out right across the country in your electorates and in our electorates in every state and territory, if only those states, particularly your own, actually, would get on board and help us deliver on them. That's what this particular department is all about, that is what this minister is about, and it's what our government is about. Worry less about what is in the charter letter and more about getting the diggers and the graders out into our communities and getting the infrastructure pipeline going.

Senator WATT: The point of estimates hearings is to hold ministers and departments to account. To do that, you need to have some information—

Senator GALLACHER: It's what they are responsible for.

Senator WATT: What they are responsible for.
Senator McKenzie: You've got a lot of information in front of you. You've got a lot of—

Senator WATT: Should we just not worry about this whole process?

Senator McKenzie: In terms of transparency, you have got so much information in front of you, and you're sitting here quibbling about a charter letter.

Senator WATT: It's pretty important to know what the minister has been asked to do by the Prime Minister.

Senator McKenzie: Here is the outcome of an infrastructure program and a plan.

Senator WATT: How do we know that that is what the Prime Minister has tasked the minister with doing? You answer is that we come back in 20 years.

Senator McKenzie: The Prime Minister has been very clear in all of his public commentary about our government's desire to see $100 billion worth of infrastructure projects rolled out across the community.

Senator WATT: I'm glad that I now know what I need to do. Thanks for helping me with that.

CHAIR: Senator Watt, can I give somebody else a go?

Senator WATT: Yes. I just want to clarify—with this table, I understand there's a couple of things that were asked for that have not been included. They are planning start date, construction start date and construction completion date. Is that something we can get an updated table to include?

Ms Spence: We've included our best estimate of project time lines, but we don't have that level of detail available. We'll see what can be provided on notice, but it's not something that is easily able to be identified.

Senator WATT: So, in the absence of that, should we assume—

CHAIR: Senator Watt, just finish this one and then we'll move on.

Senator WATT: Yes. In the absence of that, should we assume that the year that funding is allocated is the expected start date?

Mr Yeaman: As a general rule, that is our best current estimate of when the funding will flow. Typically, the way these projects work—you would know, but for the new members of the committee—is that planning is undertaken. One of the challenges we had in trying to determine a specific planning start date is that, in some cases for these projects, the planning begins well before the Commonwealth commitment even starts. The state governments or local government may have already done planning on a particular project. In some cases, it starts as soon as the funding commitment is announced. In some cases, it starts once agreement is reached between the two governments to proceed with the project. So it's quite a blurred line. Sometimes that involves a formal business case preparation and sometimes it involves local councils starting to work with their local road crews to work out what the project looks like. It's a very blurred line, so we have difficulty putting a stark planning start date or end date. With those estimates of construction start and completion dates, you can tell where the funding starts in earnest normally. There's only a small amount of funding for some early works or some of the planning work, then you can see the funding ramp up. That's typically when the project would move into the construction phase in earnest. In the infrastructure investment division session, the witnesses will be prepared to answer specific
questions about individual projects, wherever we can add more, wherever we can say we have a clearer date, if the committee is interested in that. But, as a general rule of thumb, yes, the one caveat I would note is that these funding profiles are based on the previous budget, because that is the last agreed funding profile. We're in the process now of going through, in the usual way, updating all of our project profiles based on new information we receive from the state governments. They give us their new milestone payments. There have been negotiations underway in real time. So the upcoming MYEFO, which is due in coming months, will provide updated profiles for all of these projects and give a clearer picture. As I said, our witnesses will be prepared to speak to individual projects as best they can in each case.

Senator WATT: I have only one more topic on corporate services.

CHAIR: I will come back to you.

Senator RENNICK: With regard to the starting dates, is it true that you need a project proposal report from a state government before we can actually allocate the funding? So the start date is dependent upon state governments?

Mr Yeaman: That's correct. The process we go through is that we have an initial discussion with the state government. Some early planning work is done. But, before any funding can be released, we require a project proposal report which outlines in detail the project's scope and the definition. That usually incorporates the milestone payments, including the start and end dates.

Senator RENNICK: Sure. And that's probably why you can't put a start date on this spreadsheet—because it's up to the state government to provide that to sign off on, which is out of the federal government's control?

Mr Yeaman: There are a number of PPRs that we are still waiting on.

Senator RENNICK: Yes. Many from Queensland?

Mr Yeaman: The witnesses will have a better breakdown. All states are at different stages of development in terms of those projects.

Senator RENNICK: We're a bit short of money.

Senator WATT: It's because they're paying for Cross River Rail and you guys are doing nothing.

CHAIR: Senator Antic, do you have a question?

Senator ANTIC: I do. Obviously, quite a significant amount of funding has been put in by the federal government on a lot of projects. The issue of keeping those rolling is, of course, an interesting one. I'm interested in the issue of whether or not there are individual reports given to the minister's office and the communication between them. Perhaps you can give us an idea of whether or not there are regular updates given to the minister's office from the department?

Ms Spence: We do. We report regularly on progress across all our programs.

Mr Yeaman: I will add to that. I can say that certainly all of our ministers, but particularly the Deputy Prime Minister and Minister Tudge, are very eager to see these projects delivered quickly. We are meeting with those ministers on a semiweekly basis to provide updates on how the projects are progressing. We've had, I think—my colleagues can confirm this later
today—in the order of 70 meetings between the department and state and local governments over the last eight-week period. We go out and actually sit on the ground with the councils and the state governments to try to progress these projects and to make sure that there are no unnecessary blockages or impediments. I know that both the Deputy Prime Minister and Minister Tudge have also met very regularly with their state counterparts and local government councillors to make sure that the projects are proceeding as quickly as they can.

Senator ANTIC: I missed that. You said 70 in the last—

Mr Yeaman: I am citing roughly, but I believe it's around 70 in the last eight weeks from different members of our team to go out on the ground and actually engage with the councils to make sure the projects are progressing.

Senator ANTIC: Excellent. Thank you.

CHAIR: I think you have one minute, Senator Watt.

Senator WATT: We should have a discussion about that, if that's the way you're intending to run—

CHAIR: We're trying not to run over.

Senator WATT: Sure. I know we're trying, but the standing orders do allow us to continue on a particular topic.

CHAIR: Indeed. But we do have a lot to get through today.

Senator WATT: Sure.

CHAIR: Please try and—

Senator GALLACHER: If coalition members don't ask questions, we'll probably be all right.

Senator WATT: This is going to take more than a minute—probably five to 10. I have some questions about government advertising in the portfolio. The department has provided some answers to question on notice No. 397, which was tabled in September, and there was a question on notice taken from the last estimates about advertising spends. I want to recap. I don't know if you have those questions on notice handy.

Dr Bacon: We probably do have those questions.

Senator WATT: I have some of the figures here anyway. What these show is that, of the $13.747 million that was spent in the first nine months of 2018-19, nearly $5 million of that—$4.9 million—was spent between 1 March and 31 March this year. We've also established through these questions on notice that the department spent $11.626 million on advertising the Building our Future campaign between 13 January 2019 and 11 April 2019. Can you confirm that those figures are correct?

Dr Bacon: Yes. That is correct. I think the latter figure that you're referring to is in relation to the media buy.

Senator WATT: Yes.

Dr Bacon: That was spent as part of the campaign expenditure. That figure of around $11.626 million, I think you said, is correct.

Senator WATT: You say that is the media buy component. Are there other components associated with that campaign?
Dr Bacon: Yes, there are. I'm happy to give you that breakdown now, if that's useful.

Senator WATT: Yes. If you could.

Dr Bacon: This is based on actual expenditure. Post the end of the financial year, we now have actual expenditure we can give you in relation to that campaign. The total actual expenditure for the campaign as at 30 June was $16.9 million.

Senator WATT: So $16.9 million is the total spend on Building our Future?

Dr Bacon: That's correct.

Senator WATT: And that is between 13 January—

Dr Bacon: That's the total expenditure covering the 2017-18 and 2018-19 financial years. I can give you a breakdown of the different components that comprise that $16.9 million figure.

Senator WATT: Do you have that in a form that can be tabled, just to save time?

Dr Bacon: I'm sorry, I don't actually have a document that I can table easily for you. I've got my notes here that I can read out to you. We could take that on notice, if that's helpful.

Senator WATT: Can you break down the $16.9 million figure between 2017-18 and 2018-19?

Dr Bacon: In 2017-18, our actual expenditure was $0.3 million. In 2018-19, our actual expenditure was $16.6 million.

Senator WATT: Are you able to break down the $16.6 million across a certain number of months?

Dr Bacon: Yes. We—

Senator WATT: For instance, how much was spent in the first half of the financial year—from 1 July 2018 to 31 December, or something like that?

Dr Bacon: I don't have it broken down in those date ranges, but I'm sure we would be able to do that if you're looking for six-monthly breakdowns of figures.

Senator WATT: Could you please take that on notice.

Dr Bacon: Absolutely.

Senator WATT: In terms of what else you've got there to break those figures down, that's between media buy—

Dr Bacon: Market research, creative evaluation and so on.

Senator WATT: I take it from that that the $11.6 million figure that you gave in the question on notice, which is the media buy—

Dr Bacon: That's correct.

Senator WATT: by which we mean buying advertisements on various media outlets—

Dr Bacon: The placement, yes.

Senator WATT: that is obviously the bulk of the spend?

Dr Bacon: That's correct.

Senator WATT: Let's leave it at that for the moment. Take that bit on notice—the split between the first six months and the second six months.
Dr Bacon: Sure. Happy to do that.

Senator WATT: In fact, while I'm at it, I might even get you to break it down by month, if that's not too difficult to do.

Dr Bacon: We'll see what we can do, yes.

Senator WATT: Are you able to detail for the committee where this advertising was targeted in a geographic sense?

Dr Bacon: It was a nationally run campaign. I think we spoke at some length last estimates about the efforts we went to to provide localised content. Our research and the evidence base that we used for the campaign suggested that localised content would be the most effective form. So it ran at a national level. We also had regional, print and localised content. Over 20,000 projects were searchable on the campaign website, for example. People in their local communities were able to go to the website and search 20,000 projects to get those relevant to their local areas.

Senator WATT: Could you please provide to the committee, then, a breakdown of media placement by region?

Dr Bacon: I'll take that on notice, I think. We'll check that for you.

Senator WATT: You obviously know how many advertisements were placed, and the cost of them, in Albury-Wodonga or anywhere else—Indi, Elwood, Brisbane, the Gold Coast—

Senator McKenzie: All the projects rolling out in Rockhampton.

Senator WATT: I would be interested to get a breakdown ideally by electorate or, if not by that, by region of the amount of advertising dollars spent, particularly since 1 January this year.

Dr Bacon: I think it might be tricky to give you a breakdown by electorate because we don't record that information.

Senator WATT: Sure.

Dr Bacon: Let me take it on notice. I understand the question. We'll see what we can do to give you that information.

Senator WATT: The figures you gave us on one of those questions on notice went through to 11 April 2019. I think that was the date the election was called. That is probably the significance of that date.

Ms Potter: That's correct.

Senator WATT: How much was spent between 31 March and 11 April?

Dr Bacon: I don't have the figures broken down with that date range. If you're happy for me to take that on notice, we can focus on that date range for you.

Senator WATT: Yes. Can we come back to that today?

Dr Bacon: We'll see what we can do today.

Senator WATT: What process does the department have to evaluate the effectiveness of its advertising campaigns?
Dr Bacon: There are standard processes for all government advertising and rules around requirements for evaluation. As a standard matter of practice, we would evaluate the effectiveness of campaigns.

Senator WATT: How do you do that?

Dr Bacon: We commission an agency or a provider with the relevant expertise in campaign evaluation and ask them to undertake an evaluation.

Senator WATT: Has that occurred in this instance?

Dr Bacon: It has.

Senator WATT: And have you received the evaluation?

Dr Bacon: We have.

Senator WATT: Are you able to table a copy of that for us?

Dr Bacon: I would have to take that on notice. The evaluations that we receive are cabinet documents. They're produced for consideration by cabinet. I would need to take that on notice to consult with the minister.

Senator WATT: In general terms, did the evaluation find that those campaigns were effective?

Dr Bacon: In general terms, the department was satisfied with the effectiveness of the campaign. I will give you an example. I mentioned before that the website included over 20,000 searchable projects. We had more than 250,000 hits to that campaign website. So, in general terms, we were satisfied with the effectiveness.

Senator WATT: Minister, were you satisfied with the effectiveness of that $16.9 million advertising campaign?

Senator McKenzie: I think taking the opportunity to inform not just a national audience but to be able to localise how the government's record spending on infrastructure is actually making a difference in people's daily lives was a really powerful aspect of the campaign.

Senator WATT: You won the election. You would have to think the advertising campaign was pretty effective.

Senator McKenzie: Senator Watt, this campaign was about informing the Australian public about the spending on infrastructure in their local communities.

Senator WATT: And it spent $11.626 million of taxpayers funds in the three months leading up to the election. You got a pretty good return on your investment, didn't you?

Senator McKenzie: I think this was the second stage of this campaign.

Ms Potter: That's correct, Minister.

Senator McKenzie: It wasn't the first time we'd actually—

Senator WATT: No. You did it before the last election too.

Senator McKenzie: No. This campaign has been running for many years in terms of informing the Australian public at a national level. Being able to drill down and find out how a particular project in your community is going, I think, is a useful way to inform the public of the government's work.
Senator WATT: You're right. This campaign has been running for a few years. The figures we got out of the question on notice from budget estimates were that the government spent $9 million in 2015-16. It just happened to be an election year. In 2016-17, it spent only $64,000. So after an election, it wasn't really that important to tell people what was going on in infrastructure. In 2017-18, $272,000 was spent. All of a sudden, what do you know—in the lead-up to the election this year, this jumps to $13.747 million? So why is it that people only need to know about the government's investment in infrastructure in the months leading up to an election?

Senator McKenzie: Well, market research commissioned by the department indicated a very low level of community awareness after significant expenditure.

Senator WATT: Is that because you only spent $64,000 on it, maybe?

Senator McKenzie: Ninety-four per cent of the participants in that research indicated they'd like to know more about the projects in their local area. Therefore, an appropriate campaign was designed to fulfil that and answer those questions.

Senator WATT: Was the market research done with marginal seatholders in your government? Were they the people who were saying they wanted to hear a bit more?

Senator McKenzie: I think the market research was done with an appropriate sample of the community.

CHAIR: Senator Watt, that's been another 10 minutes. Do you want to keep going, or could we move on to regional Australia?

Senator WATT: I'm nearly finished on this part. I still haven't had an answer, Minister. Why is it that it's only important to advertise these programs in the months leading up to an election? We've had two elections where the first one you've spent $9 million. In the second election, the most recent one, it's gone up to $13.747 million. In the years where there's no election, the public only get $64,000 of advertising or $272,000. Why the big jump?

Senator McKenzie: Senator Watt, there are a couple of things I've just been advised of so I'll refer to Ms Potter for the details. As I said, the market research we conducted indicated that people wanted to know more. They wanted to know locally. Campaigns like this aren't something you can just switch on and off. There's a lot of detail in the research and redesigning a campaign to make sure it meets the outcome of that. There were changes made to a 10-year rolling infrastructure plan, which also meant that the spending profile changed. Ms Potter has the details.

Senator WATT: I don't need any more detail.

Senator McKenzie: Maybe Senator Rennick wants the detail.

Senator WATT: So it is entirely a coincidence that the government decides to spend—

Senator McKenzie: That's not what I said.

Senator WATT: sixty times more money—

Senator McKenzie: That's not what I said.

Senator WATT: on advertising its infrastructure program in the months leading up to an election as it did the previous year, being a non-election year? That's just a total coincidence?

Senator McKenzie: Ms Potter? Thank you.
Dr Bacon: Maybe I can jump in. One of the things that we did talk about at last estimates was the process that we went through for developing the campaign. That process unfolded over a number of months in accordance with the whole-of-government guidelines on how you develop marketing campaigns. There were a number of steps in that process over a number of months that we ran through at the last estimates. Because of the localised nature of the content that we produced for this campaign, it did take perhaps a bit longer than average to go from the start point to the finish point for the campaign.

Senator WATT: I'm happy to leave it at that.

Dr Bacon: I can actually answer. I checked my notes. I can answer your question about April expenditure, if that's helpful for you. The actual expenditure for April 2019 was $1.2 million.

Senator WATT: That's April 2019?

Dr Bacon: That's April 2019; that's correct.

Senator WATT: Did you say $1.2 million?

Dr Bacon: That's correct.

Ms Potter: That was for the media buy.

Dr Bacon: That's the media buy.

Senator WATT: Thanks. I did have one other topic in this area, but I'm happy to let someone else have a go.

CHAIR: I was keen to move to regional development. Are you happy to move on to regional development?

Senator WATT: No. We have one more topic. We've got plenty of questions in regional development, but we do have one more topic in corporate services.

CHAIR: Fine. Keep going.

Senator WATT: Thanks. I missed this in my folder. I have a few questions about the department's use of contractors. How does the department classify temporary staff? I note AusTender reports include both temporary personnel services and personnel recruitment. Is personnel recruitment used solely for advertising and hiring staff or for the payments for wages and other hiring costs?

Ms Spence: I think we might need to take that on notice, I'm sorry.
Senator WATT: Can you tell the committee how much was spent by the department in temporary personnel services and personal recruitment respectively in each of the last three financial years?

Ms Spence: I'm sorry, Senator, but I don't think we've got that material in front of us. If we can find out, we'll get back to the committee or take it on notice.

Senator WATT: Your department does have an ASL cap or a staffing cap in place, doesn't it?

Dr Bacon: Yes.

Ms Spence: Yes.

Senator WATT: How would you say that ASL cap impacts on the work of the department?

Ms Spence: We operate within the ASL cap.

Senator WATT: What is your ASL cap?

Dr Bacon: Our ASL cap, our average staffing level, as at 31 August 2019 is 910.8. Our ASL cap for 2019-20 is 890.1.

Senator WATT: It is 890.1?

Dr Bacon: That's correct.

Senator WATT: So you'll effectively lose 20 positions from last financial year to this financial year?

Dr Bacon: It works as an average. We always have attrition that occurs. We always have recruitment that occurs. We average that out over the course of a financial year and aim to budget our ASL accordingly.

Senator WATT: Do you have any figures on the number of what you term non-ongoing staff members that the department has used over the last three financial years?

Dr Bacon: I don't think we have that information over the last three financial years. If you're happy for us to take that on notice—

Senator WATT: Take that on notice. Do you have a figure for the current year?

Dr Bacon: I don't know that I have that breakdown by ongoing versus non-ongoing, so we might need to take that on notice and come back to you.

Senator GALLACHER: Someone should know that.

Ms Potter: It is 28.

Senator WATT: You have 28. When is that as of?

Ms Potter: That is as at the end of August.

Senator WATT: So, as at 31 August, there were 28 non-ongoing staff members in your department?

Ms Potter: Yes.

Senator WATT: Non-ongoing is another way of saying temporary contract?

Ms Potter: It's not contracted. They are engaged under the Public Service Act as non-ongoing employees. Contractors is separate.
Senator WATT: Okay. How many temporary staff do you have at the moment? Or contractors, if that's another way of putting it.

Ms Potter: At the end of August, 145.

Senator WATT: So 145 temporary staff?

Ms Potter: As at the end of August.

Senator WATT: Again, to be clear, does that include what might be called contractors?

Ms Potter: That is contractors. That is labour high personnel.

Senator WATT: But that wouldn't include consultants? That would be a different category?

Ms Potter: That's right.

Senator WATT: That is as at 31 August. Do you have a figure for, say, the previous year?

Ms Potter: It is 276.

Senator WATT: That is for 31 August 2018?

Ms Potter: For the previous financial year, 2018-19, it was 276. For the previous financial year, 2017-18, it was 260.

Senator WATT: So 260?

Ms Potter: Yes.

Senator WATT: For 2017-18?

Ms Potter: Yes.

Senator WATT: Is that an average number?

Ms Potter: That is the number of contractors. The length of contract will vary quite significantly.

Senator WATT: You have raw numbers. You don't have the dollar figures for the amount spent on temporary personnel?

Ms Potter: I would need to take that on notice.

Senator WATT: I wouldn't go back over that. The department reported seven contracts for public relations, market research and communication advice in response to its Senate order recently. I believe most or all of them were procured using a limited tender. Why was that approach undertaken?

Dr Bacon: I don't have those details in front of me. My assumption is that the majority, if not all, of those contracts would have related to the Building our Future marketing campaign that we've spoken about. In those circumstances, there are a range of reasons or criteria where a limited tender is appropriate. I would have to double-check the details of which criteria were applied in each case. It may have been because a particular provider had already done work and it was most efficient to use a provider that had done relevant work in that area. But I would need to take the details on notice.

Senator GALLACHER: There's no-one in the room who knows the answer to that question? I don't expect you to know everything, but you have a room full of people there.
Ms Potter: I can't recall how many firms we approached. I do recall that there were multiple firms approached, even though it was a limited tender. We followed the procurement rules. There was an evaluation panel.

Senator STERLE: How much?

Dr Bacon: Sorry, Senator? What was the question?

Ms Spence: Could you repeat the question, please?

Senator GALLACHER: If you have 176 temporary staff. Is that what you said?

Ms Potter: I'm sorry, Senator—

Senator GALLACHER: So 176 temporary staff equate to a number of contracts. How much was it? How long was it for? What were they doing? It's not all that difficult, is it?

Ms Potter: I don't have the information with me.

Senator GALLACHER: And you have a room full of people out there who don't have it either?

Ms Potter: I'm happy to come back on notice.

Senator STERLE: Today?

Ms Potter: I'll see what I can do.

Senator STERLE: I'm just trying to clarify. When you say you're happy to come back on notice, is that like, 'Go away, Senator Gallacher. You might get it in six months', or are you going to go and see your mates at the smoko break and then come back with it? I'm just trying to clarify.

Ms Potter: I'll see if I can get the information for you today, Senator Sterle.

Senator STERLE: Thank you.

Senator WATT: I am sticking with these contracts for PR et cetera. I take it the department has a communications unit?

Ms Potter: It does.

Senator WATT: How many people work there? What is the FTE there?

Dr Bacon: I might need to ask Mr Mashford to come to the table to answer those questions. Mr Mashford has the communications functions in his branch. It forms one part of his role.

Senator WATT: My question is: how many FTE are in the department's communications unit?

Mr Mashford: Our media team consists of approximately seven FTE.

Senator WATT: And that was not enough personnel to be able to undertake the work that was contracted out?

Mr Mashford: In relation—

Senator WATT: There were seven contracts for PR market research and communications advice awarded by the department. I suppose I'm wondering why the department's communications unit can't do that work.
Dr Bacon: It is quite standard practice, particularly for agencies of our size, to contract in expert providers where technical expertise of some kind is required in the development or evaluation of campaigns. So we would be contracting in that technical expertise as part of delivering on a government decision to implement a campaign.

Senator WATT: In the interests of time, can you take on notice what each of these seven contracts was for?

Dr Bacon: Yes.

Senator WATT: Do those contracts replace work that was previously performed by a public servant?

Dr Bacon: We can take that on notice.

Senator WATT: You mentioned that these contracts, all or some of them, supported the Building our Future phase 2 campaign.

Dr Bacon: We'll double-check that. That is my assumption. We'll double-check that.

Senator WATT: Can you explain exactly how they related to that advertising campaign?

Dr Bacon: Yes.

Senator WATT: There's another category of expenditure from the department labelled management advisory, project management, strategic planning and economic financial advice. What sort of things does that include?

Dr Bacon: We report on the consultancies that we would let during the course of a financial year. So there would be consultancies that the department has engaged for a range of different purposes across the relevant functions that we deliver. If there is—

Senator WATT: That picks up what would be commonly called consultancies?

Dr Bacon: If I understand your question correctly, yes, there would be a number of consultancies that we would report on having used in the course of the financial year. We have some information here if there are particular questions you would like to ask about them.

Senator WATT: Can you tell us how much was spent in those categories over the last three financial years?

Dr Bacon: Not for the three financial years. My understanding is that, in 2017-18, the department reported entering into 101 consultancies to the value of $33.3 million. In 2018-19, we had around 99 consultancies to the value of $22.9 million.

Senator WATT: Those overall figures cover that whole phrase, do they—management, advisory, project management, strategic planning and economic financial advice?

Ms Potter: That is for every consultancy that the department has let.

Senator WATT: Do you break down that figure by each of those components, or is it just an overall?

Ms Potter: We can, but we don't have that information with us.

Senator WATT: Can you take that on notice for us as well?

Ms Potter: Yes.
Senator WATT: This might be a better question for later. Those categories obviously include some very large contracts. An example is $21 million to AECOM to support the Western Sydney unit. What sort of work is AECOM providing for that level of funding?

Dr Bacon: I think that's correct. I think the officers who are due to appear would be able to answer your questions.

Senator WATT: Thank you, Chair. That's it for corporate services.

Senator STERLE: Ms Spence, I will come to you, if I may. I thank very much the department for providing this information for us. I know it's significant. We appreciate that and the follow-up information that you provide. I look along this. I will use the Queensland Bruce Highway. Don't worry about where it is. There is the Rockhampton ring road. You have the subprogram, the commitment and the total costs. I get all that; that's fine. Then it goes, at the end of the 2022-23 forecast, to FEs total. What is 'FEs'?

Ms Spence: Beyond forward estimates.

Senator STERLE: I was thinking federal election. As Senator Watt was trying to get to, a lot of the money seems six years on. We're trying to establish when we actually start.

Senator RENNICK: We did comment on that before. We are waiting for the project proposal reports from Queensland state Labor.

Senator STERLE: Sorry?

Senator RENNICK: We're waiting for the project proposal report from Queensland state Labor. You would have heard that before.

Senator STERLE: Without politicising it, don't take me on in Senate estimates. You can if you want, but if you want to see it blow up—

Senator RENNICK: Yes, I will. I'm ready for it.

Senator STERLE: If you want to see a blow-up—

Senator RENNICK: Yep. Do it.

Senator STERLE: When you start crapping on like that. I tell you what: there is more than one state in Australia than Queensland. So start throwing your barbs around and look out. I'm just putting you on notice right now, smarty. Thank you, Chair. Thank you, Ms Spence.

CHAIR: Marvellous. Could we move on to regional development and local government, please. Senator Watt, can I assume you will kick off?

Senator WATT: My first set of questions relates to the government's Drought Communities Program, which falls under this department and the regional development area. There's obviously been a lot of public interest in this program and one of the local government areas that receives funding, being the Moyne Shire in Victoria. I note that Moyne Shire said it didn't need funding because it wasn't experiencing drought. Moyne Shire remains on the list of eligible local government areas as at 9 October despite the council officially deciding to reject the $1 million it received in drought assistance funding. The mayor noted on 1 October that the council would not apply for the funding and urged the Australian government to reallocate it to a drought affected area. What is going to happen to that $1 million?
Dr Bacon: I might ask my colleague Ms Diana Hallam to take you through the method that we use for calculating eligibility for that program.

Senator WATT: I will get to the method. What is going to happen to the $1 million about which this council has said, ‘Thanks, but no thanks’?

Ms Hallam: We are currently engaging with the minister with responsibility for drought as to how or whether the $1 million will be reallocated.

Senator WATT: So you're engaging with the minister about this. Has the department provided a recommendation to the minister?

Ms Hallam: We have provided some advice to the minister, yes.

Senator WATT: That it should be reallocated?

Dr Bacon: The kind of advice we provide to the minister is based on the program guidelines and the method used for calculating eligibility for the program. So it might actually be helpful to quickly run you through the way that we assess eligibility because that might provide some context for your questions.

Senator WATT: If you could do that briefly.

Ms Hallam: I also note that the minister for the drought, Minister Littleproud, also consults with his colleagues the Prime Minister and the Minister for Agriculture before determining which councils are able to receive the funding. However, in the case whereby Moyne Shire Council was allocated $1 million, 13 councils in late September were provided $1 million from the minister. That determination was based on rainfall assessed between 1 July 2017 and 30 June 2019.

Senator WATT: Those dates were based on rainfall between—

Ms Hallam: A 48-month period between 1 July 2017 and 30 June 2019. The Bureau of Meteorology supplied data concerning rainfall across that period. We determined the percentage population of shires in geographical regions of shires that received a one in 20-year rainfall deficiency. We also subsequently added to that assessment the percentage of workforce within those local government areas that were employed in agriculture, fisheries or forestry.

Senator WATT: As in that was a factor?

Ms Hallam: Yes. So it was determined that over 60 per cent of Moyne Shire had received over that 48-month period 14 consecutive months of one in 20-year rainfall deficiency with a percentage of the workforce engaged in agriculture over 17 per cent. They therefore were eligible for Drought Communities Program extension funding.

Senator WATT: Over 17 per cent?

Ms Hallam: That's correct.

Senator WATT: Was that the threshold, or are you just saying in that instance?

Ms Hallam: No. That is the threshold.

Senator WATT: Was the earlier figure more than 60 per cent of Moyne Shire had received 14 consecutive months of one in 20-year rainfall deficiency?

Ms Hallam: Yes.
Senator WATT: Was that the threshold for eligibility in terms of rainfall?
Ms Hallam: No. Fifty per cent is the threshold.
Senator WATT: In their case, it was more than 50 per cent?
Ms Hallam: It was higher than that.
Senator WATT: Basically, to get this funding, based on the data you had received, at least 50 per cent of the shire had to have received 14 consecutive months—
Ms Hallam: It's actually 12 consecutive months. Moyne had exceeded that by two months.
Senator WATT: Okay. So across the board, though, at least 50 per cent of a shire had to have received at least 12 months of one in 20-year rainfall deficiency and have at least 17 per cent of its community employed in those industries to qualify?
Ms Hallam: That's correct.
Senator WATT: Going back to Moyne, then, you've explained why it was selected. So the question about what is going to happen to that $1 million is basically a matter for the minister?
Ms Hallam: We provided some advice to the minister. We're looking forward to receiving his views.
Senator WATT: Okay. So it's possible that despite the shire and the mayor saying, 'Look, we really don't need this. There's other people who need it more than us', the minister may yet decide, 'No. You're going to keep the money because on our statistics that's the way it works?'
Ms Hallam: In which case, the shire has indicated they won't be applying for that $1 million.
Senator WATT: But they've already been deemed eligible. They don't need to apply.
Ms Hallam: There's a formal application process whereby they engage with the department of industry's grants hub to indicate how they will spend that $1 million. There are some guidelines. Expenditure occurs in accordance with those guidelines. The project is proposed by the local government areas. If they are approved, they are then allocated funding.
Senator WATT: So the mayor of Moyne Shire had urged the government to reallocate this money. The minister has yet to decide whether that will occur. Is there any process for reallocating funding?
Ms Hallam: We assess the rainfall data on a quarterly basis. So with the conclusion of the 1 July to 30 September period, we will now assess the Drought Communities Program extension eligibility again. So, yes, there will be another opportunity for assessment about whether new shires become eligible for that funding.

CHAIR: I notice that the dairy farmers from a part of Moyne Shire felt that the return of the money was pre-emptive. They believe that they are in drought and that the data supported that decision to allocate the money to that region. Have you had feedback directly from the dairy farmers in the region or any specific stakeholders who have views on the return of the money?
Ms Hallam: Yes. We have seen that article in the Warrnambool newspaper. I think it also reflects the fact that, even with the arrival of some rainfall, the need for economic stimulus and employment doesn't disappear overnight. A lot of farmers are unable to re-engage labour without immediate income. Towns also know that recovery from drought can take some time. So we certainly have received the feedback via the media and some local farmers from a number of shires for which their stimulus is appreciated even despite some rain.

CHAIR: It would be a terrible tragedy to get too political over a payment that part of the shire desperately wants.

Senator Watt: It is the mayor and the council.

CHAIR: I've got the same problem in Queensland, where I've got flood affected farmers. The shire is not asking for assistance and these flood affected farmers are saying, 'Local council may not be across the whole shire.'

Senator Sterle: No-one is going argue. You know our commitment to making sure our dairy industry is sustainable. We get that. May I ask the department: was any of the funding for the drought available to assist debt stress for the farmers or anything like that? Could they get water or feed or pay their electricity bills? Could it go to them? I really don't know the answer.

Ms Hallam: I would encourage you to engage with the Department of Agriculture in respect of farmer support programs.

Senator Sterle: Sure, okay. I've got my hats wrong. That's Tuesday's hat. You got me in trouble then, Chair.

CHAIR: I'm so sorry, Senator Sterle. I draw to everybody's attention that we have media in the room. Do any of the witnesses have a concern about being filmed? I will take that as no.

Senator McKenzie: I will go to Senator Sterle's question. The Drought Communities Program shires can use it for whatever they deem appropriate. So the projects that they are applying for the grants hub are infrastructure projects. They can employ a drought support officer out of the council. I know that a council in South Australia has done that. They can truck water. We've made the guidelines as broad as possible so they can do whatever they want.

Senator Sterle: I won't take up too much time here, Chair. I think it's important because I know that, with the $5 billion drought fund, there's nothing that can go to debt stress. I want to clear it up. If it takes up too much time—

Senator Rennick: They can also do interest.

Senator McKenzie: That's tomorrow. For this program—

Senator Sterle: I just heard drought and clicked into tomorrow.

CHAIR: I ask that the committee consider accepting and tabling the project list for the Adelaide city deal. We're not considering it until later in the program.

Senator Sterle: Sure.

CHAIR: We will get that tabled and keep moving.
Senator WATT: I'm trying to remember. There was a lot of media about this Moyne Shire incident. There were some reports that either the minister or the department had been provided incorrect information. Can you go back over that for us and what you say happened?

Ms Hallam: Yes. There was concern expressed about Moyne Shire Council's eligibility to receive the funding. The minister asked us to conduct an audit of the process used to award those 13 councils the $1 million each. We subsequently reviewed the data we had received from the Bureau of Meteorology and the processing of that data, which occurs within the department from the geospatial information services team. It was discovered that the 48 months data did not run from that period that I expressed earlier but actually ran until 30 May rather than 30 June. Realising there was a deficiency in the data originally processed, we obtained from the Bureau of Meteorology the 48 months data from 1 July to 30 June, as was originally envisaged, and re-ran it. It confirmed that the 13 shires announced on 20 September were indeed still eligible for the $1 million. In fact, the geographic region of Moyne that was experiencing that rainfall deficiency increased slightly with the addition of the June data.

Senator WATT: So if the problem was that the data was up until 31 May rather than 30 June—

Ms Hallam: Until 30 May.

Senator WATT: Sorry, 30 May rather than 30 June. Does that mean that Moyne was still eligible whichever of those points in time apply?

Ms Hallam: Yes. That is what our subsequent assessment determined, yes.

Senator RENNICK: A storm in a teacup, I'd say.

Senator WATT: So all 13 of those councils were still eligible when the correct data was used?

Ms Hallam: That's correct, yes.

Senator WATT: The audit has finished?

Ms Hallam: Yes.

Senator WATT: Were there any other mistakes made along the way?

Ms Hallam: No. The only deficiency identified was that we had used the incorrect data originally.

Senator WATT: Was it discovered how that occurred?

Ms Hallam: It is still unclear to us whether the error occurred in the processing of the data or whether there was an error in the data supplied. We are continuing to work with our colleagues in the Bureau of Meteorology to ensure that doesn't occur again.

Senator WATT: We've talked about one of the challenges here being that within a local government area some areas get rain and some don't. Is there a reason why local government areas are used to determine eligibility rather than a smaller area? We talk about SA3s, SA4 and more defined areas. Is there a reason that we don't go down to that level of detail to make sure that the funding is better targeted?
Ms Hallam: I think SA4 regions would probably be larger in geographic area than local government areas. We also like the opportunity to be able to engage with councils as to how best to spend the money to create the economic stimulus and respond to drought. Some shires in some jurisdictions are quite small, with a ratepayer base of around 1,000. South Australia is a notable example of this. Ultimately, I think, in terms of wanting to provide $1 million and ensure it's spent appropriately, engaging with local government is what we've determined is the best course of action.

Senator WATT: I think it ended up being that 62 per cent of Moyne Shire was at some point in drought over that time period. That means that 38 per cent was not. Are there any guarantees to ensure that money is used in the drought affected part of a local government area rather than the non-drought affected part?

Ms Hallam: No. That is not one of the requirements under the guidelines. Under the guidelines, we ask local governments to target infrastructure and other projects that provide employment for people whose work opportunities have been impacted by drought, stimulate local spending, use local resources, businesses and suppliers, and provide a long-lasting benefit to communities and the agricultural industries on which the shire depends.

Senator WATT: So the way this program works, a council receives funding because part of it is drought declared. But there's no requirement that the funding be used in the drought declared part of the council?

Ms Hallam: That's correct.

Senator WATT: Doesn't that seem a bit strange?

Dr Bacon: The way the program works—I think Ms Hallam ran through it earlier—is that the department reviews the data and determines the eligibility. Where councils are eligible and the government makes an announcement that a certain local government area is eligible, the grants hub will then get in contact with the local government and receive project applications. So those project applications will be assessed in relation to the objectives of the program that Ms Hallam just ran through. So under the program guidelines, the hub will look at the different project applications and determine the appropriateness in accordance with those program guidelines.

Senator WATT: So if the threshold to qualify is that at least 50 per cent of the shire has been essentially drought declared for—

Senator McKenzie: Can we just be clear with our language around drought declared versus the quite strict criteria Ms Hallam outlined around rainfall over two years when you are comparing it against a 20-year—

Senator WATT: I understand there is a precise definition. Drought affected, shall we say. So if a threshold is that you've got to have been drought affected, or that at least 50 per cent of the council has got to be drought affected for that length of time, the council gets the grant, but there's no requirement at all that it be used in the drought-affected part of the council. Some of these local governments are very large, and there's nothing stopping a council using it in an area that is getting rain. That just seems bizarre to me.

Dr Bacon: The requirements are that the projects that are actually delivered are consistent with the objectives of the program. Those are the objectives around ensuring that there's employment in the local government area, stimulating local community spending and so on.
Senator WATT: But one of the objectives is not to spend the money where the drought is?

Dr Bacon: Project by project we'll look at the program objectives and whether those projects meet the program guidelines.

Senator RENNICK: If the shire's in a drought, you're going to have some parts that are in a drought and other parts may not be in drought. Is it not fair to say that the town will suffer as a whole? If farmers aren't spending, because of the drought, that will flow off into the town. Therefore, that's why you allocate by council? SA1s and SA3s don't have governing bodies or bank accounts to put the money into. We should trust our local councils to allocate the money as they see fit in the council? Rainfall isn't decided by council boundaries, is it?

Ms Hallam: No. That's absolutely correct. We have found working with local government areas and shire councils a very fast and effective way to spend this money. Most of them are very clear on what their community needs to make it through the drought. They've been as eager as we are to ensure the economic stimulus is delivered quite quickly on the ground.

Senator RENNICK: Sure. Drought declared is not a perfect measurement, is it? I know myself, having grown up on a farm, that sometimes you can have a thunderstorm go through one strip of land and that farmer will get rain and another farmer will miss out on that rain. That's why it's a very imprecise science in trying to determine that. Would that be fair to say?

Ms Hallam: Certainly it is one of the reasons why we rely on, and engage with, the Bureau of Meteorology for the supply of their rainfall data, yes.

Senator RENNICK: Excellent. Thank you.

CHAIR: We are going to have a break for morning tea.

Dr Bacon: Before we break, there's just one more additional point to make.

Ms Hallam: I want to apologise. I have been led to the fact I've been referring to 48 months. I should have been referring to a 24-month period. The date time frames I have been giving you are accurate, but it's 24 months rather than 48. I apologise for that.

CHAIR: Thank you for clarifying that.

Proceedings suspended from 10:32 to 10:46

Senator STERLE: I will go to a couple of questions on the Community Development Grants Program. Dr Bacon, is the fund still the government's main election commitment vehicle?

Dr Bacon: Yes. The Community Development Grants Program is a mechanism for delivering on government election commitments.

Senator STERLE: And are all election commitments subject to a value-for-money assessment?

Dr Bacon: Yes.

Senator STERLE: Out of curiosity, how many have we got?

Dr Bacon: I will refer to my colleague Ms Diana Hallam for details on the number of projects that we have.

Senator STERLE: Thank you.
Ms Hallam: An additional 315 election commitments are approved by the Prime Minister to be delivered through the CDG program on 29 July.

Senator STERLE: That is 315 on 29 June this year?

Ms Hallam: The 29th of the seventh.

Senator STERLE: That's what I said. No, you got me! 29 July. I thought you said June, sorry. How is that process tracking, Ms Hallam?

Ms Hallam: Very well. We've contacted the vast majority of proponents and are seeking information on their projects.

Senator STERLE: Is there any shovel ready yet? I know it's ambitious. Are there any little things in the pipeline?

Ms Wieland: The process I think we've outlined for you previously is that we write to proponents and give them a period of time to provide their project information to the department. That period of time is three months from when we get them out to them. We're in the process of collecting that information.

Senator STERLE: Early days. We're nearly there. Finger on the start button.

Ms Wieland: We've got some that are quick off the blocks, but not many.

Senator STERLE: Of course. That's fair enough too. The document tabled at estimates in April this year by Dr Kennedy included four pages of projects announced but without funding agreements as of 31 March 2019. I'm talking about 2013 and 2016 election commitments. Three pages of projects have been announced since then, with no funding allocation in the 2018-19 budget as of March this year. Are any of the projects listed as announced but without funding agreements as at 31 March 2019 still without a funding agreement?

Ms Wieland: We've continued to process funding agreements after we got out of caretaker period, so some of those will have been funded.

Senator STERLE: So there's some. Are you able to tell us which projects are in that category?

Ms Wieland: I don't have a list of individual projects in relation to that.

Senator STERLE: Take it on notice.

Ms Wieland: In terms of the government's commitments for 2013 and 2016, 286 of the 455 2016 election commitments have been completed.

Senator STERLE: So there are still 170?

Ms Wieland: There are 140 in progress.

Senator STERLE: Okay. So some haven't run at all?

Ms Wieland: A very small number are still going through assessment or the provision of information stage.

Senator STERLE: Thanks. Have you got the number in front of you of how many are still going through that assessment process? Well, 286 plus 140 gives us—

Ms Wieland: About 25, adding up the numbers.

Senator STERLE: And they're left over from 2016?

Ms Wieland: They are for the 2016 election commitments.
Senator STERLE: Are you able to tell us what the problems are? Is it someone dragging their heels in local government?

Ms Wieland: There will be a variety of reasons in terms of the ones that aren't yet contracted. Largely they're things like they haven't got the co-funding from other partners that they had hoped to get. They might have land that's not yet got all its approvals. They might not have DAs. As I said, there's a whole variety of reasons for those.

Senator STERLE: Ms Hallam, would it be possible to get a list of those projects that haven't made the cut yet?

Ms Wieland: In the information we've tabled we've talked about—

Senator STERLE: It's in there, yes.

Ms Wieland: the ones that are still contracted.

Senator STERLE: That's fine. I only got halfway through this. That must be in the back half. That's all right. That's all there. You've got all that. In terms of the community development grants, Chair, I have finished. Thank you.

CHAIR: Are you happy to give Senator Rennick a few?

Senator STERLE: Yes, absolutely.

Senator RENNICK: How much funding has been committed through the regional grant program since 2013?

Dr Bacon: Are you referring to all regional grant programs that the department administers?

Senator RENNICK: Yes. Across the country.

Dr Bacon: I think we can give you a global figure. The Australian government has committed $5.3 billion from 2013-14 to 2025-26 to support Australia's regions through a number of regional development programs.

Senator RENNICK: Great. Do you know how many projects that is?

Dr Bacon: I will check with my colleagues. We would have to take that on notice, if you'd like, to get that figure.

Senator RENNICK: That's okay. That's fine.

Ms Wieland: It's a very large number.

Dr Bacon: Thousands.

Senator RENNICK: I imagine it would be. There's a big spreadsheet of all the projects you've got going. It's a fantastic effort. How does the department distinguish between regional areas and metropolitan areas when designing regional grant programs?

Dr Bacon: It might depend on the nature of the objectives of the individual program as to precisely how we target the program. I think we've already had a discussion this morning around the drought community extension and the rationale for targeting those projects at local government areas. There will be different programs like the Stronger Communities Program, for example, that are provided to all members of parliament on an electorate basis. That is consistent with the objectives of that program. It probably depends on the objectives of the particular program.
Senator ANTIC: I'm interested in the issue of whether or not you're able to provide us with a breakdown of the Building Better Regions Fund across the states and territories broadly and in relation to each of the particular subfunds.

Ms Hallam: I'm sorry. I don't have a state-by-state breakdown, I'm afraid. I'm happy to take that on notice and supply that to you.

Senator ANTIC: Sure. That's fine. Are you able to break down the value of all projects across three rounds? Can you do it round by round in terms of the value?

Dr Bacon: We do have those figures.

Ms Hallam: In round 1 of the Building Better Regions Fund, the community investment stream received $6.9 million in Australian government funding and approved 147 projects. Round 1 infrastructure projects were $219.5 million and 110 projects approved. In round 2 of the community investment stream for the Building Better Regions Fund, 109 projects were approved for $4.4 million. Under the infrastructure project stream, 136 projects were approved for $208.2 million. Under round 3 of the Building Better Regions Fund, in the community investment stream 164 projects were approved for $6.9 million. In the infrastructure projects stream, 166 projects were approved for $197.4 million.

Senator ANTIC: You may have touched a bit on this earlier. In terms of how the projects from the fund themselves are actually selected, can you reiterate the actual process in broad terms, not specifics, as to how those projects are selected and the criteria?

Ms Wieland: The BBRF is a competitive grants round. It has two streams. Applicants need to apply during an opening period for either of those streams or both. The projects need to fit the selection criteria. For example, they have to be in an eligible area. The major capital cities are not included, which is the regional element to it. In the CI stream, the program guidelines set out a range of criteria for what is an eligible project. It captures things such as strategic leadership, a new community event or a significantly enhanced community event and other leadership type training courses and strategic planning. That's the community investment stream. The infrastructure project stream covers community and regional infrastructure. Proponents have to provide 50 per cent of the costs of that. They might get that from state government or borrowing et cetera. They have to be reasonably shovel ready—ready to commence within 12 weeks. There are a range of other minutiae in the criteria.

Senator ANTIC: So it's a robust process?

Ms Wieland: A very robust process. They're assessed by the business grants hub in terms of assessment scores. That list of applications and their scores is then provided to a ministerial panel for consideration. The subsequent decisions of that ministerial panel are then considered by cabinet.

Senator ANTIC: Thank you.

CHAIR: Terrific. Thank you. Can we move to infrastructure investment, please?

Senator STERLE: No. We're still here. We still have a lot of questions around here. Ms Spence, can you direct me to the officers I should target my questions to for decentralisation?

Ms Spence: The officers at the table now.

Senator STERLE: Fantastic. Thank you. We had a fair bit of conversation around this in other portfolio areas. Minister Coulton recently claimed that 1,700 new and relocated jobs
from the capital cities have been decentralised since 2017. What analysis has the department done across all portfolio areas on regional public sector employment and the impact of caps on staffing and cuts to public sector agencies such as Centrelink and the ATO on regional employment in our regional economies?

**Ms Spence:** We can answer some of those questions. The specific ones around the ATO would need to be referred to them for a response. I might ask Ms Hallam.

**Ms Hallam:** Responsible ministers make initial assessments of functions that may possibly be suitable for relocation and take into account factors including the nature of the entity, the existing workforce, the importance of location to delivering functions, client stakeholders and an assessment of the challenges and opportunities of a relocation. If it is decided or determined by the minister that an entity may be appropriate for relocation, a first-stage business case will be undertaken, which identifies relocation options and includes indicative costs and risks and advantages. If it is determined that, yes, further consideration should be given, the entity will progress to a second-stage business case. The release of business cases and criteria assessments for relocation are a matter for the government.

**Senator STERLE:** In terms of the department—I have taken note about the ATO; you can't tell us—does it all come through this department at the end? Is this department responsible?

**Ms Hallam:** This department will work with the other entities that may be expressing an interest in relocation.

**Senator STERLE:** Right. So they won't go off on their own? They still have to work with you guys?

**Ms Hallam:** They'll engage with us, yes.

**Senator STERLE:** What I'm trying to get to is the 1,700 jobs. Where are they? These are new. While you're thinking about that, has any analysis been undertaken of the impact of the additional efficiency dividend announced on the eve of the federal election on regional public sector employment?

**Dr Bacon:** I think, as Ms Hallam has gone through, there are first- and second-stage business cases that individual agencies will undertake. If they move to that second-stage business case, quite a lot of detailed analysis is undertaken around a decentralisation proposal. We won't have all of the details to hand from other portfolios where there have been decentralisation initiatives undertaken. We would probably need to refer them to the other portfolios.

**Senator STERLE:** I get that, Dr Bacon. But you would know that somewhere within the department you would have that information. Rather than me chasing around to every other committee over the next four days, you can take it on notice; that's no worries. For expediency for this committee, I could put that question to you and you could provide to the committee the information that we're seeking.

**Dr Bacon:** We can see what we can do. What was the question, sorry?

**Senator STERLE:** Has any analysis been undertaken of the impact of the additional efficiency dividend announced on the eve of the federal election on regional public sector employment?
Dr Bacon: We would be happy to take that on notice.

Senator STERLE: Thank you. Firstly, what is the definition of 'decentralisation'? The other part is 'from capital cities'. I'm asking the definition of both those words. What is the definition of 'decentralisation'?

Ms Loynd: For the purposes of the decentralisation agenda, the definition we apply is the relocation of public sector jobs outside of Canberra, central Sydney and central Melbourne to locations other than those three.

Senator STERLE: I understand. Just so it's clear, does central Sydney and Melbourne mean the CBDs?

Ms Loynd: Broadly, yes. For example, relocation from the centre of Sydney to the outer suburbs of Sydney would—

Senator STERLE: Would classify as decentralisation?

Ms Loynd: That's right, yes.

Senator STERLE: That makes that very clear. That's fine. Thank you. That's great. Do we work on postcodes?

Ms Loynd: No. It's CBD broadly, yes, that's right.

Senator STERLE: You can't be any more specific than that. That's fine. How are Tuggeranong and Belconnen in the ACT and Queanbeyan in New South Wales classified?

Ms Loynd: Canberra is not classified in terms of inner or outer in terms of decentralisation. It's all of Canberra. Positions could be relocated from Tuggeranong or Belconnen. It's all of that.

Senator STERLE: Could be relocated to what—another part of the ACT?

Ms Loynd: No. They qualify for jobs that are possibly able to be moved, but outside Canberra.

Senator STERLE: Outside the ACT or Canberra?

Ms Loynd: ACT.

Senator STERLE: So they can move from Tuggeranong to Queanbeyan and that can be decentralisation?

Ms Loynd: They could. That would be possible, yes.

Senator STERLE: That makes that very clear. So for Adelaide, Brisbane, Perth, Darwin and Hobart, the same rules of the CBD?

Ms Loynd: No. The decentralisation agenda doesn't cover. It's only movement of public sector jobs from the ACT and Melbourne and Sydney inner. We wouldn't be looking to decentralise positions from Perth or Adelaide.

Senator STERLE: Or Darwin or Hobart?

Ms Loynd: Or Darwin or Hobart. In fact, they could be recipients under the decentralisation agenda of public sector jobs.

Senator STERLE: What does that mean?

Ms Loynd: If you look at the agencies that have relocated under the agenda so far, some of them have relocated, for example, from Canberra to Adelaide.
Senator STERLE: Fisheries have done that? Not fisheries. FRDC.

Ms Loynd: Rural health has done it. The Australian Space Agency, yes.

Senator STERLE: So they could be the beneficiary, meaning something could close down in CBD-ish Melbourne and Sydney or in the ACT and Perth, Adelaide, Darwin, Brisbane and Hobart could be recipients of those jobs?

Ms Loynd: Yes.

Senator STERLE: Thank you. Has the department finalised the criteria for assessing decentralisation opportunities announced in April 2017 by the then minister, whoever that was? I apologise that I don't know.

Ms Loynd: I'm not sure. There were 239 announced in 2018.

Senator STERLE: There were 239 in 2018.

Ms Loynd: And 191 in 2019, bringing a total of 430 positions relocated under the decentralisation agenda.

Senator STERLE: So you're not aware of any announcements in April 2017? I do apologise that I don't know who the minister was; that would probably help. Obviously there was a big announcement. I know it has been going on since 2013.

Ms Hallam: There were 191 positions announced from six agencies in the 2019-20 budget. That included the regional programs branch within this department. It is moving from Canberra to Orange.

Senator STERLE: Who, sorry?

Ms Hallam: The regional programs branch within this department is relocating. That was announced earlier this year. The Australian Financial Security Authority will relocate 15 positions from Sydney, Canberra and Melbourne to Hobart, Perth and Brisbane. Comcare will relocate some positions and establish offices in Darwin and Launceston. The National Indigenous Australians Agency will relocate 35 positions from Canberra to Alice Springs, Coffs Harbour and Broome. The Murray-Darling Basin Authority has announced it intends to relocate 76 positions from Canberra to Albury-Wodonga, Griffith, Mildura, Murray Bridge and Goondiwindi.

Senator STERLE: Is all this information out there and available on the push of a button, or do I need to ask you to table that for us?

Dr Bacon: We would be happy to table that.

Senator STERLE: My shorthand is not that quick. That would be good. Thank you. There were seven opportunities for decentralisation that the department said, in May last year, were underway. Are the seven mentioned in that spiel you just gave me then, Ms Hallam?

Ms Hallam: Sorry, Senator?

Senator STERLE: There were seven opportunities for decentralisation that the department announced in May last year.

Ms Loynd: I believe that some of them might be, but I'd have to take it on notice in terms of which ones of that seven mentioned are part of the latest announcement.

Senator STERLE: Do you have a piece of information there that talks about seven back in May 2018? Is there something there?
Ms Hallam: No. I have details, I'm afraid, of 239 positions to be relocated in 2018.


Ms Hallam: That's right. But no—

Senator STERLE: No seven?

Ms Hallam: reference to seven, I'm afraid.

Senator STERLE: Are there any other decentralisation opportunities currently under consideration?

Dr Bacon: It's the kind of thing that the government is continually keeping under review. So particularly when a new agency is established or where there's an opportunity that makes sense for the particular agency to relocate some of its staff. So the approach is to keep it constantly under review to look for those opportunities.

Senator STERLE: Sure. So of the 191 from last year and 239, there's no other outside of those figures?

Dr Bacon: There have been no other announcements, I think, at this stage, Senator.

Senator STERLE: Have any evaluations of decentralised agencies been conducted in the last three years?

Ms Loynd: I'm sorry, but you can you repeat the question?

Senator STERLE: Yes. Have any evaluations of decentralised agencies been conducted in the last three years? Have you sat back and thought, 'How did that all go'?

Ms Hallam: I'm not aware of an overarching review. However, I do know that AgriFutures, which was formerly with the Rural Industries Research & Development Corporation, relocated from Canberra to Wagga in 2016.

Senator STERLE: Yes. We're aware of that.

Ms Hallam: They've advised that they've found some benefits from decentralisation, including an opportunity to refresh the organisation, be more closely connected to levy paying industries and the broader agricultural sector, reduced operating costs and increased employment and economic activity for the community.

Senator STERLE: We understand that because they are frequently here in front of us. The former MP, the chair, is always available. We get all that. But we've also had other agencies where it hasn't worked. We all know what we're talking about here. There's still odd 100-odd scientists employed here and they're not in Armidale or wherever they were going to go to. There's no evaluation? There's nothing where you sit back after and say, 'How does that look? Did it match up to what was promised?' There's nothing like that? There's no review?

Dr Bacon: So where there are particular evaluations in train, we might need to direct those questions to the relevant portfolios who actually undertook those—

Senator STERLE: Sure. But you don't have them?

Dr Bacon: We don't have copies of the evaluations, Senator.

Senator STERLE: No worries. Mr Coulton used the word 'announced' when he said that 1,700 new jobs would be created. Can you tell us how many decentralised jobs have actually been delivered? Can you tell us that?
Ms Loynd: Under the decentralisation agenda from 2017, it has been 430 jobs over those two tranches that we've spoken about.

Senator STERLE: So 430 so far?

Ms Loynd: It is 430, yes, from 13 different agencies.

Senator STERLE: Could you tell us what those 13 different agencies are?

Ms Loynd: I can. The ones that Ms Hallam read out are around half of them, which are the ones from 2019. I can also list you the ones from 2018.

Senator STERLE: Yes, please. We'll have the names.

Ms Loynd: Certainly. The Unique Student Identifier registrar and the Office of the Registrar of Indigenous Corporations. The indigenous affairs group had earlier decentralisation as well. The office of the National Rural Health Commissioner. Our own department had had earlier—

Senator STERLE: I don't wish to be rude. This will help with my next question. As you are mentioning it, could you tell us how many jobs go alongside these agencies?

Ms Loynd: Certainly, yes.

Senator STERLE: I'm sorry to ask you to start again.

Ms Loynd: That's fine. I'll start again. The Unique Student Identifier registrar is 40 positions. Office of the Registrar of Indigenous Corporations is 10 positions. Indigenous affairs group, at the time which was in PM&C, was seven positions and then another 25 positions. The office of the National Rural Health Commissioner is four positions. Our own department had a round of three positions in addition to the others that Ms Hallam mentioned earlier from regional programs. An additional position is actually again from our department. There are another nine related to inland rail. AMSA, the Australian Maritime Safety Authority, had up to 69 new positions. The Australian Law Reform Commission had 12 positions. Aboriginal Hostels Limited had 40 positions and the Australian Space Agency had 20 positions.

Senator STERLE: Great. Thank you. We know we've established that there are 430. Are you able to tell us why we haven't met the 1,700 yet? Are we looking for more agencies to own up or dob themselves in or have people said, 'No. I'm not going'?

Ms Loynd: The 1,700 agencies that are frequently referred to—

Senator STERLE: I'm sorry to ask you to start again.

Ms Loynd: Canberra would not be here. The 1,700 positions go back to 2013. So it predates the formal decentralisation agenda that the department has been responsible for.

Senator STERLE: I'm sorry. I'm led to believe that Minister Coulton announced in 2017 the 1,700 new jobs and relocated jobs from the capital cities. So there are 1,700 gone. Is that correct?

Ms Loynd: That's right. It is 1,700 in total, but most of them predate the decentralisation agenda that this department has actually been responsible for coordinating.

Senator STERLE: Have 1,700 public sector jobs left Canberra or inner city Melbourne or Sydney that are now out in the regions? I've got the impression there's only 430.
Dr Bacon: We are familiar with that and that figure. We might need to take it on notice as to exactly what that comprises because we don't have that detail today, I'm sorry.

Senator STERLE: I understand. As I mentioned, the permanent deciders are still here. I get that. You'll have to take that on notice. Minister, there's a squirrel in my ear that says that you were the minister in 2017. Is that right?

Senator McKenzie: At the end of 2017, I was appointed minister. But I have been the minister for decentralisation, yes, in a previous government for 2018 and the first half of 2019.

Senator STERLE: So you weren't the minister at the time?

Senator McKenzie: No.

Senator STERLE: I didn't know. I know you didn't jump to defend. Of the 1,700, we still don't know that you're going to come back. You've taken that on notice.

Senator McKenzie: I think it probably points to the government's long-held desire to see Public Service jobs, where it's appropriate, head outside the CBDs of Melbourne, Sydney and Canberra and into other capitals and regional centres. That is something we have been pursuing over time prior to a formalised decentralisation process.

Senator STERLE: I understand that, Minister. I get that. I want to know how many of the 1,700 have been delivered. That's what I'm trying to get to. As we've established, we're not there yet, but you'll find that out for us and come back to us.

Senator McKenzie: Yes.

Senator STERLE: In the government's response to recommendation 5 of Regions at the ready—that's yours, Minister McKenzie?

Senator McKenzie: Sorry?

Senator STERLE: The government response to Regions at the ready is yours?

Senator McKenzie: Yes. That was in a previous parliament, yes, and a previous portfolio, yes.

Senator STERLE: I don't expect you to have it too far away. But we might have to wait. I am going to go to recommendation 5. I believe that the report was tabled in February this year. Have you got the report there?

Senator McKenzie: We don't have it with us, but we will be able to get it.

Senator STERLE: Minister, you said, and I quote:

Since the decentralisation agenda was formally launched in April 2017, 239 positions have been announced for relocation outside of Canberra.

Senator McKenzie: Yes.

Senator STERLE: Which we know is inner Sydney and Melbourne.

Senator McKenzie: Yes.

Senator STERLE: Of the 239, we're told how many have actually been delivered?

Senator McKenzie: I can run you through those.

Senator STERLE: Great. Where to and which agency, please.
Senator McKenzie: Of the 239 relocations announced in 2018, we've got the Unique Student Identifier register, 40 positions from Canberra to Adelaide. That's completed.

Senator Watt: Adelaide is decentralisation?

Senator McKenzie: Yes. We've been through that, Senator Watt, earlier.

Senator Watt: Just worth making the point.

Senator McKenzie: I think Senator Watt raises a really interesting point. A lot of people ask how shifting jobs to Parramatta, for instance, is decentralisation. If you are working in somewhere like Parramatta, you can actually be further west of Sydney than—

Senator Watt: It's not really regions at the ready, though, is it, Parramatta? Regions.

Senator McKenzie: Well, you can catch a train from a whole raft of regional communities to work in Parramatta. So that's where you're living, raising your family, contributing to community in regional New South Wales. You would work in Parramatta at the same time. To answer Senator Sterle's question, the relocation of 10 positions from Canberra to Darwin in the Office of the Registrar of Indigenous Corporations is underway. The relocation of the indigenous affairs group's regional network, moving seven positions from Melbourne to Shepparton, is underway. And 25 positions from Sydney CBD office to Parramatta have been completed. I hope a lot of them have taken the opportunity, given they've changed their workplace to set up camp in regional New South Wales. In the office of the National Rural Health Commissioner, four new positions were to be located in Adelaide. That's actually completed.

Senator Watt: Adelaide again.

Senator McKenzie: In the Department of Infrastructure, Transport, Cities and Regional Development, for the Indian Ocean territories functions, three positions relocated from Canberra to Perth. That's completed. For the Department of Infrastructure, Transport, Cities and Regional Development inland rail functions, there are nine new and relocated positions from Canberra to Toowoomba, Dubbo, Moree and Wodonga. That's underway. In AMSA, there is a total of up to 69 new and relocated positions from Canberra, including up to 50 positions to beautiful Coffs Harbour, three positions to Airlie Beach and 16 positions to Hobart, Cairns, Gladstone, Mackay, Darwin, Geraldton, Karratha and Port Hedland. That's all underway. For the Australian Law Reform Commission, there are 12 positions from Sydney to Brisbane. That's completed. For Aboriginal Hostels Ltd, 40 new positions have been relocated to Brisbane, Rockhampton, Mackay, Cairns, Townsville, Thursday Island, Mt Isa, Darwin, Alice Springs, Katherine, Tennant Creek, Perth, Derby, Kalgoorlie, Broome and South Hedland. That's underway. For the Australian Space Agency, 20 positions have been relocated from Canberra to Adelaide. That's also underway. That adds up to 239.

Senator Sterle: When we say 'underway', I want to be clear. I can't help get the mess of APVMA out of my head for the last four years. When we say underway, are they in the process of relocating, or have people said, 'No, thank you. I'll take a redundancy' and you're searching for staff?

Senator McKenzie: There's a range of issues like funding accommodation et cetera. I'll go to the witness for the details on that.
Dr Bacon: We don't have those live details for the agencies in other portfolios. We're happy to provide you with an update on the relocations that are underway in our department at the moment, if that's helpful.

Senator STERLE: If you could, it would be helpful. We're supportive of this move; it's fantastic. Ms Kay Hull has been very helpful at AgriFutures. That's who I was thinking of. As I said, it's underway. But are people saying, 'I'm not moving. That's it. I'll take a redundancy and we'll take the taxpayer dollars and you can find someone else to do the job?' That's what we really want to get to.

Senator McKenzie: Well, a lot of them are new positions too.

Senator WATT: If you don't have details here, can you please take on notice how many of those positions have been filled of that 239 that Senator McKenzie just read out? There is a difference between announcing and it actually happening?

Dr Bacon: Those questions, we would suggest, should be referred to those portfolios who are actually undertaking the relocations themselves.

Senator McKenzie: I can give it to you. For the Unique Student Identifier registrar, you'll have to ask the department of education.


Senator McKenzie: The officers have just said that for the ones they're responsible for in their department, they're happy to go to the details of that. For those who are the responsibility of others, the minutiae of the relocation is still the responsibility of the department and the minister.

Senator WATT: So your department doesn't keep really any track of whether any of these other departments deliver on these?

Senator McKenzie: No. That's a very different question. You're wanting the details of whether we have a lease on a place and how much people are getting?

Senator WATT: No. We're just asking whether people have started in these jobs.

Ms Spence: We can tell you whether the decentralisation has been completed or is underway. For more granular information as to the specifics about what 'underway' means, we can advise you what is happening in our department. But we don't have that information for the specifics for those external agencies.

Ms Loynd: We do by July 2019. Although we're not responsible for actually progressing them, every couple of months or so, my team asks for updates and gets a general sense of how things are progressing. We have that up until July 2019, which is essentially the information that Senator McKenzie gave.

Senator McKenzie: That's the latest update.

Senator STERLE: I fully understand. If someone has a brain snap and says, 'I want to move this agency', which happened in APVMA, and it's been a complete and utter debacle and we can't find 100-odd scientists, someone has to sit back and go, 'Hang on. Something's got to'—

Senator RENNICK: Has that happened or not?
Senator STERLE: Senator Rennick, I'm going to help you out here. Go back to the Hansard of the last four years nearly. It's been a debacle.

Senator McKenzie: Under the formal decentralisation process that we have set up, there are a number of processes of government that a minister has to go through to ensure that any decentralisation move is appropriate and strategic et cetera.

Senator STERLE: Sure. What I'm trying to get to is there has to be an overarching department that wants to know the reasons why you've come knocking on our doors. We've got this brain wave. Did you want to follow it through? That's what we're asking. You would have this information. I understand that there are complexities about trying to find housing. I understand that they can't all fit in McDonald's while they're doing the work and you're trying to find a new place. We've heard all this. We know all this. When they blatantly say, 'I'm not going' and there's a skills gap that we've lost, it's nothing against the people in the bush; it's where it's going to. Some are good success stories. You have all that available.

Can you please provide for us what you have available? Is there a process whereby you've got to go knocking back on the other agency's door and say, 'What happened two years ago when you thought it was a great idea that no-one was moving?' You must ask those questions too.

Ms Spence: I think that's what Ms Loynd was saying. We do look to see how they're going. We can tell you which ones are completed. We can tell you which ones are underway. That's what the minister has just read out to you. If you go to the specifics of what underway means, we can't go into any more detail. We do engage with those agencies to make sure that it's not what you're saying.

Senator STERLE: Ms Spence, I understand. The minister has provided that. I think it's imperative for the Australian taxpayer what 'underway' means.

Senator McKenzie: Senator Sterle, if I could be helpful, maybe some of your senators in other committees could actually ask about those specific areas on the list we've just read out. I'm sure the departments will be able to give you a really granular update.

Senator STERLE: Sure. Yes.

Senator WATT: Ms Spence, a couple of minutes ago, you drew a distinction between underway and completed.

Ms Spence: Yes.

Senator WATT: Do you have any figures on how many have been completed?

Senator McKenzie: I just read them out.

Ms Spence: That's what the minister just read out.

Senator WATT: It sounded to me like they were more things that are still in the process of happening.

Senator McKenzie: So the 40 positions from the Unique Student Identifier register are completed. With the indigenous affairs regional group, over 30 positions are completed.

Senator WATT: Minister, what does that mean? Does that mean there are 40 people sitting in those roles in the regional location of Adelaide?

Senator McKenzie: Yes.
Ms Spence: Yes.

Senator McKenzie: Completed. Full stop.

Senator WATT: So you're saying all 239 have been completed?

Senator McKenzie: No. I'll go through the list. I just read the completed ones.

Senator WATT: I will go back over that.

Senator McKenzie: So the Unique Student Identifier registrar, with 40 positions relocated from Canberra to Adelaide, is completed.

Senator WATT: If you've already given us these figures, you don't need to go over them again.

Senator McKenzie: Yes, I have.

Senator WATT: Okay. We'll go back over the transcript.

Senator McKenzie: I have also indicated whether they are underway or completed.

Senator STERLE: Part of your response to Regions at the ready is, and I quote:

As part of the 2018-19 Budget, the Government announced the relocation of 98 positions—

Of the 98, how many decentralised jobs have actually been delivered? Were they mentioned in your spiel there, Minister, or are they separate?

Senator McKenzie: Sorry?

Senator STERLE: In the 2018-19 budget, there was an announcement of 98.

Dr Bacon: I think we'd need to go back and double-check which 98 positions they were to be able to answer your question about whether they are completed or underway. We might need to take that on notice and check the date ranges.

Senator STERLE: I understand that. Is that a possibility that could come to us later today, Dr Bacon? Is there someone who could punch the figures out and split it up and provide it back to us?

Dr Bacon: Yes. It looks like we can do that.

Senator STERLE: That's great. I might have a break for a second, if I may. If there is information coming back, I might leave some questions until later, Chair.

CHAIR: Senator Brockman, do you have questions for this section?

Senator BROCKMAN: I was just having withdrawal symptoms. I'll come down and breathe in the real air again.

CHAIR: Senator Watt, do you have another question for this section?

Senator WATT: We do. I actually had some more back on drought, where I was before.

Senator STERLE: That's where we left off.

CHAIR: Okay.

Senator WATT: Before we do, we might come back to decentralisation. We'll just go back over what we've heard and work out whether we want to go back to that. One point that Senator Sterle covered off was in the community development grants. I will recap. I will get someone to send that through to me again. In the meantime, I'll go back to drought. We were just going over the circumstances around the Moyne Shire. You set out the process to
determine whether a council is eligible, what happened around the wrong data and that kind of stuff. You mentioned there was an audit conducted after this problem came to light. When did the department begin analysis that informed the 26 September announcement about the 13 LGAs that were eligible?

Ms Hallam: It takes about three to four weeks for rainfall data to be available and supplied from the Bureau of Meteorology to the department at the conclusion of a quarter. So we commenced the quarterly review of the Drought Communities Program extension in late July.

Senator WATT: So in late July you commenced gathering the data?

Ms Hallam: We obtained the data from the Bureau of Meteorology and engaged with the geospatial information services team to map it against local government area geographic regions.

Senator WATT: On what dates and in what form did the department advise ministers Littleproud, the Prime Minister, Minister McCormack and Minister McKenzie and their officers about adding the 13 local government areas to the eligibility list?

Ms Hallam: I'm afraid I don't have that actual date with me. It would either have been late August or early September.

Senator WATT: Late August or early September. Was that a written briefing or verbal?

Ms Hallam: No. We do provide a written brief to the minister.

Senator WATT: When you say the minister, are you talking about Minister Littleproud?

Ms Hallam: Yes. That's correct.

Senator WATT: Was anything provided to the other ministers?

Ms Hallam: Not to my knowledge.

Senator WATT: We've sort of already gone over the criteria used to declare whether particular local government areas were eligible. Is there anything you want to add to that process, or have we pretty much covered it?

Ms Hallam: No. I think we've pretty much covered that section.

Senator WATT: With the Bureau of Meteorology data that was wrong, did the department convey to the bureau the date range that it was looking for rainfall data on?

Ms Spence: I think it is the point Ms Hallam made earlier: that we're still working through where the issue arose—whether it was the data that was provided to us or the way in which we received the data. We're still working through that specific question.

Senator WATT: So we don't know yet whether the request to the bureau was wrong or whether they provided incorrect information. But that's still going to be determined?

Ms Spence: We're still working with the Bureau of Meteorology and our own internal processes looking at what happened.

Senator WATT: Okay. Was there any engagement with mayors or local governments before declaring an area to be eligible?

Ms Hallam: No. On the basis that the minister for drought consults with his colleagues, no, we don't pre-empt any decisions of government by engaging in advance with local
government areas. Having said that, a number of local government areas and shire councils do contact us. The program has been running since August 2018. A number of local government areas do contact us to inquire about whether or not they are eligible and, if not, why not. So we do engage with them.

Senator WATT: But after the event?
Ms Hallam: But after the event, yes.

Senator WATT: I suppose what I'm getting to is this issue where this council said thanks, but no thanks. That could have been avoided through some engagement with councils before the announcement was made, but that didn't occur?
Ms Hallam: That's right. We've previously provided the $1 million payment to 110 local government areas. Moyne Shire is the first instance in the 123 whereby the shire as indicated that they will reject the funding.

Senator WATT: They are the only one?
Ms Hallam: That's correct.

Senator WATT: Did any departmental staff travel to any of the 13 local government areas in the months leading up to this announcement?
Ms Hallam: Not to my knowledge. A number of my staff have been to the local government areas that are already in receipt of the funding, but not the new 13.

Senator WATT: Again, you don't see any benefit in having a bit of local engagement and having a bit of a look yourself?
Ms Hallam: We do. My team undertakes drought community outreach activities and has had 72 meetings across a number of states.

Senator WATT: But not to these 13 shires?
Ms Hallam: No. After the shires receive their $1 million, they are also eligible for funding under the drought community support initiative. It is at that time we engage with other Commonwealth government agencies such as the tax office and Department of Human Services to go and promote the initiatives available to farmers and communities on the ground.

Senator WATT: Did any advice from the former drought envoy inform the decision to list these 13 local governments as eligible?
Ms Hallam: Not to my knowledge, no.

Ms Spence: As we explained, the decision on the 13 eligible was based on the criteria that Ms Hallam referred to earlier in terms of the proportion of the council areas affected by drought and the agricultural workforce.

Senator WATT: So the former drought envoy didn't give any advice about the need for this funding or the kind of criteria that should be used?
Ms Spence: Not to my knowledge.

Senator WATT: Didn't send you a text message, Senator McKenzie, with a few ideas? Apparently it was all done by text message.
Senator McKenzie: No. I've had a lot of correspondence and discussions with the former drought envoy—

Senator WATT: I bet.

Senator McKenzie: about how we can better support drought-affected farmers and their communities.

Senator WATT: Did he send you a few text messages or WhatsApp messages or anything with a few ideas about this one?

Senator McKenzie: How we support drought affected farmers and their communities is something that is always front of mind for Barnaby and, indeed, our entire party.

Senator WATT: And what sort of advice has he given you in these text messages?

Senator McKenzie: A range of advice.

Senator WATT: Positive, negative, neutral?

Senator McKenzie: I think right across the parliament I get correspondence. I'm sure the minister for drought gets the same sort of correspondence and discussions around those communities that are affected—how it's playing out and the range of initiatives that we as a government can implement to support farmers in their time of need.

Senator WATT: But there is nothing on this particular program or these 13 local government areas. What about the drought coordinator and the advice the drought coordinator has provided the government? Did any of that advice have any bearing on this program or these councils being eligible?

Ms Spence: No.

Senator WATT: We're all struggling to understand what either the drought envoy or the drought coordinator do, because the government won't tell us. Is there anything you can tell us here, Senator McKenzie?

Senator RENNICK: You just asked whether we get feedback. They are getting feedback from the communities.

Senator WATT: Can the public find out anything about what Mr Joyce, as drought envoy or the drought coordinator, has advised government about these matters?

Senator McKenzie: Well, as you know, the drought coordinator has provided a report to the minister responsible.

Senator WATT: Would you like to table that?

Senator McKenzie: The government is considering that report.

Senator WATT: Would you like to table that report?

Senator McKenzie: It is the minister for drought's report. The government is considering its contents.

Senator WATT: Is that another thing that we don't need to know?

Senator McKenzie: We've read the report. It's informing our policy development. It's under consideration.

Senator WATT: But the work of neither the drought envoy nor the drought coordinator informed this program or informed this decision. So what did it inform?
Senator McKenzie: It's informed, I think, our ongoing response. We haven't just set and forgot our drought affected communities and our farmers. This is an iterative process. As the drought continues, we are continually evolving our response, as is appropriate.

Senator WATT: There are lots of good generalities but it doesn't inform this program.

Senator McKenzie: I think we have answered your question.

Senator WATT: No. You haven't.

Senator McKenzie: The officials have answered your question.

Senator WATT: But we're still not going to get a copy of these reports.

Ms Hallam: We certainly engaged with both the drought envoy and Major-General Stephen Day, the drought coordinator, for previous rounds of the Drought Communities Program extension. In fact, both Mr Joyce and the Major-General attended one of our drought community outreach activities, I believe, in Scone earlier in the year. We certainly assisted Major-General Stephen Day when the taskforce was running in the Department of Prime Minister and Cabinet. Major-General Stephen Day is familiar with the program. But with respect to the most recent 13, no, that was informed purely by the data that we referred to earlier.

Senator WATT: Has anyone in the department seen any of these amazing text messages from the drought envoy with his advice?

Ms Hallam: Sorry, Senator, no.

Dr Bacon: No. I haven't personally seen those.

Senator WATT: They sort of just disappear. How does the department accept applications from local governments that are currently not listed as eligible under this Drought Communities Program extension?

Ms Hallam: The industry grants hub does not accept applications from ineligible local government areas.

Senator WATT: Right. I suppose you don't know if they're eligible until after they've applied.

Dr Bacon: We would do those assessments using the data that Ms Hallam has outlined previously. That would be the basis of our eligibility assessment.

Senator WATT: You do the analysis and then invite councils, if they meet the criteria, to apply. Is that how it works?

Ms Hallam: Yes. The minister for drought will announce a local government area is eligible to apply for the funding on the basis of the data that we have assessed.

Senator WATT: Right. Has the department started any work considering if Moira Shire in Victoria is eligible?

Ms Hallam: At an agricultural employment participation rate of 16.9 per cent, no, they are not eligible.

Senator WATT: So they're not eligible because they are 0.1 per cent off the threshold?

Ms Hallam: That's correct.

Senator WATT: Do they meet the rainfall threshold?
Ms Hallam: I understand they did, yes.

Senator WATT: Even though more than 50 per cent of Moira Shire has been drought affected for more than 12 months, they don't qualify because 16.9 per cent of their community is employed in agriculture rather than 17 per cent?

Ms Hallam: That's correct.

Senator WATT: Are you happy with that, Minister?

Senator McKenzie: Well, that's the decision of government. As I said earlier, this is the third round of this program. We're continually assessing it and adding new councils to the list as required.

Senator WATT: How many other councils meet the rainfall requirement—so they've been drought affected for at least 12 months—but miss out because they don't have enough people employed in agriculture?

Ms Spence: We would have to take that on notice. We don't have that in front of us at the moment.

Senator WATT: Senator Rennick made the point before that it's not just about farmers. It's about towns that are dependent on the farming and agriculture. So a shire might be entirely dependent on agriculture because it has machine maintenance and all sorts of other operations. They might themselves be drought declared. But if people aren't employed in agriculture, they miss out, even though their economy is entirely based on agriculture.

Senator McKenzie: Maybe the officers could go to the definition of employment in agriculture. It's much broader than whether you are a farmer. It includes service industries.

Ms Loynd: I'll probably have to take the full detail on notice. It's the categorisation of agriculture, fisheries and forestrics, which is quite broad.

Senator WATT: Is it farmers and fruit pickers—people who are directly employed in agriculture, forestry and fishing—or does it also pick up the businesses that service those industries? That's what the minister was just claiming.

Ms Loynd: I think we'll have to take the question on notice to provide a more formal definition. I don't have that in front of me.

Senator WATT: What about the shire of Singleton in New South Wales? Are you looking at whether they are eligible?

Ms Hallam: I understand that the agricultural employment threshold doesn't reach 17 per cent.

Senator WATT: Do you have their percentage handy?

Ms Hallam: No, I don't know.

Senator WATT: I've got a very small number of councils I was going to ask about. I wonder whether you might have figures on Singleton, Kiama, Shoalhaven, Eurobodalla and Yass, all of which are badly drought affected.

Ms Hallam: I'm afraid I'll have to take that on notice.

Senator WATT: Do you have figures for any of those councils?

Ms Hallam: No. Senator, sorry.
Senator WATT: But the reason is that even though they're pretty badly drought affected in some cases, they also might be sitting at 16.9 per cent, 16.8 per cent and, therefore, they're out.

Ms Spence: Well take that on notice.

Senator WATT: I'm looking at the actual expenditure of $1.5 million under the Drought Communities Program and $1 million under the Drought Communities Program extension. Are all local governments on track to spend the allocated funds?

Ms Hallam: The Drought Communities Program is from 2015, and that has concluded. So the shires have received the $1.5 million under that.

Senator WATT: Which one is that? The Drought Communities Program?

Ms Hallam: The Drought Communities Program.

Senator WATT: It ended in 2015?

Ms Hallam: No. It ended on 30 June this year. It started in 2015.

Senator WATT: So they've all received their funds?

Ms Hallam: Yes. They have.

Senator WATT: Do we know whether they've spent them?

Dr Bacon: So the information I have here, while Ms Hallam is looking at her notes, is 146 projects have been completed.

Senator WATT: That's under the Drought Communities Program?

Dr Bacon: That's my understanding.

Senator WATT: So 146 out of how many?

Dr Bacon: Out of, I think, 151 approved projects.

Senator WATT: So there are five not yet completed. It would be reasonable to think that the money hasn't been spent. What due diligence does the department undertake to ensure that a project location is actually in drought?

Ms Hallam: Well, the information is assessed by the industry grants hub when the local government area applies for the funding. They'll indicate the location of the actual project, the work to be undertaken and indicate how it meets the guidelines. I know from traveling in South Australia I've seen quite a bit of work undertaken within eligible local government areas. At the conclusion of the program, the local government area is obliged to report on how the money was spent and whether it was done in accordance with the application as lodged and approved.

Senator WATT: But, as we were saying before, there's no requirement that a project be built or undertaken in a drought affected part of a drought affected shire?

Ms Hallam: That's correct.

Senator WATT: What support does the department provide to local government areas to ensure that funds are delivered?

Ms Hallam: So local government areas will often contact us before applying to inquire as to whether a project is potentially eligible. Some local government areas have contacted us seeking information on projects. If they are struggling to understand what might work for
their area, they might contact us and ask for examples of what other projects have been funded. We've been happy to assist them before they formally apply to the industry grants hub.

Senator WATT: We've now received the information you tabled earlier, which includes a detailed list of projects under these programs, doesn't it?

Ms Hallam: That's right, yes.

Senator WATT: On the point of eligibility, there's no way for a local government area to approach the department to be assessed as eligible? It's a purely departmental minister decision to decide whether they are eligible or not?

Ms Hallam: We assess all local government areas on the basis of rainfall and agricultural employment.

Senator WATT: But there's no process for local governments to come to you saying, 'Hey, we think we're eligible' or 'Hey, we think we need funding'?

Ms Hallam: They're welcome to. There's no formal process. They're welcome to ask. We can indicate to them why they may or may not have been approved funding to date.

Senator WATT: A percentage of people need to be employed in agriculture, forestry or fishing. It's no secret that there are many people leaving those industries as a result of drought. Have any local governments who have been determined to be eligible gone under the 17 per cent threshold?

Ms Hallam: Some of the money provided was done so on the basis of election commitments. We didn't provide advice in respect of eligibility against rainfall or agricultural employment in that instance.

Senator WATT: They are not in the 13, are they?

Ms Hallam: No.

Senator WATT: They are in the previous—what was it?—110?

Ms Hallam: Yes. Within that 110.

Senator WATT: How many councils are in that category?

Ms Hallam: There are 15.

Senator WATT: So 15 of the 110 councils who previously had been deemed eligible for this funding actually didn't meet the criteria?

Ms Hallam: Fourteen local government areas were announced as being eligible for Drought Communities Program extension within the election period.

Senator WATT: So 14 of these councils who are eligible—

Ms Hallam: Who have received the $1 million.

Senator WATT: So 14 of the councils who have received this drought funding actually don't meet the eligibility criteria?

Ms Hallam: Well, I can't comment on whether they meet the eligibility criteria. It wasn't subject to departmental analysis.

Senator WATT: Do you know whether they meet the criteria?

Ms Hallam: No. I'm afraid I don't have that information with me at the moment.
Senator WATT: So what do we say to poor old Moira shire, which misses out? Even though they're drought affected, they miss out because 16.9 per cent of their population is employed in agriculture rather than 17 per cent. We've got 14 other councils where we wouldn't know if they meet the criteria or not and they get the funding. How do we justify that?

Ms Hallam: It was a decision of government.

Senator WATT: Minister, I don't know if you were just following that. Apparently your government made an election commitment to grant this drought funding to 14 councils and we don't know whether they meet the criteria or not.

Senator McKenzie: I'll have to take that on notice.

Senator WATT: My question is: how do you justify that to Moira, which is eligible in terms of rainfall and is 0.1 per cent off having the right number of people? They miss out, but we've got 14 other councils who were selected during the election campaign. How do we justify that?

Senator McKenzie: I said I'd take that on notice.

Senator WATT: Do you think that's defensible?

Senator McKenzie: I'm going to look at the data. I'll have a look at all that and we'll get back to you. I've taken it on notice, Senator Watt.

Senator WATT: On the one hand, we've got a number of councils—Moira in Victoria, Singleton, Kiama, Shoalhaven, Eurobodalla and Yass—that are badly drought affected. They are being told, 'Sorry, you're not eligible because you don't have enough people employed in agriculture.' It's okay for the government, in an election, to hand out money to councils and not even know whether they are eligible?

Senator McKenzie: All the councils that—

Senator RENNICK: Isn't that an assumption?

Senator McKenzie: Yes.

Senator WATT: It's not an assumption. We were told they don't meet it.

Senator McKenzie: I've taken it on notice, Senator Watt.

Senator GALLACHER: That would be a good headline—Minister says, 'I don't know' for three days.

Senator WATT: About as good as we don't need to know. I might hand back.

CHAIR: No. We're waiting for you.

Senator WATT: We're done on the drought funding for the moment.

Senator STERLE: Let's finish on decentralisation, if we can. I won't take long. We are waiting on information. Ms Hallam or Dr Bacon, you said there's information we've requested and you're going to come back to us because we're finding out what was unfinished, or whatever the term was.

Dr Bacon: That's right. We will double-check.

Senator STERLE: So I'll probably touch on a couple. If that's the information we're waiting for, just say that it will come this afternoon. That's fine. In terms of Minister Coulton
using the words 'new jobs' in the relocations of the 1,700, can you tell us what new means? Is it a newly created position or simply a new hire filling an existing job?

Ms Hallam: I think the comment was over 1,700 new and relocated government jobs.

Senator STERLE: New and relocated, okay.

Ms Hallam: Some of them are new. For example, Inland Rail has created some new positions.

Senator STERLE: Have you got a list you could provide on who's got what—what agency, where, how many are new as opposed to relocated?

Ms Hallam: I'm afraid that I've only got new and relocated so I'm not clear which ones are new or relocated.

Senator STERLE: Yes, Minister?

Senator McKenzie: I had a clarification when I took something on notice from Senator Watt. I've now had it clarified that the data used to determine those councils was still based on information from the ABS and the BoM. April data provided to the office was prior to the caretaker period.

Senator WATT: It was based on that data. Did they meet the criteria?

Senator McKenzie: Well, the decisions were using ABS agricultural employment data and the BoM data to determine which councils were part of that election commitment.

Senator WATT: Can you take on notice whether they actually met. I understand you used ABS data, but we still don't know whether they met the threshold of 17 per cent.

Senator McKenzie: I'll take that on notice.

Senator WATT: Thanks.

Senator STERLE: I'll just come back to you, Ms Hallam, if I may, or Dr Bacon, sorry.

Dr Bacon: I think we were saying that we would need to take on notice the difference between the new and the existing positions.

Senator STERLE: That has really thrown a curve ball at me.

Dr Bacon: We've got them bundled in our list today.

Senator STERLE: Sorry?

Dr Bacon: Those are bundled together in the figures that we have in our list today.

Senator STERLE: That's really thrown a curve ball at me. I'm trying to remember some of the figures we know. The minister had given us some that are ongoing. What was the term we used?

Senator McKenzie: Underway.

Senator STERLE: Underway. In 2018, there were 239 announced. They actually happened. Now I'm getting confused.

Ms Spence: There is a combination of the 239 that were completed and are underway.

Senator STERLE: We know there are 239, a combination of new or relocated. In 2019, there is 191. That would be the same, Ms Spence—new and relocated?

Ms Spence: That's correct.
Senator STERLE: That's correct?

Ms Spence: They are all underway. I don't think any of the 2019 have been completed.

Senator STERLE: You'd make me feel a lot better if you told me I'm the only one confused here. I'm trying to get back to this. I'm sorry, Chair, that I've got to labour on this. With the 1,700 that have been announced, we have new and relocated. Do we know how many have been relocated?

Dr Bacon: I think that will be part of what we're coming back to you on on notice. We'll do that as quickly as possible.

Senator STERLE: I will leave my questions, if I may, Chair, with your indulgence, so we can skip through after lunch, hopefully when we have that information. Can I come back? Will you still be around? Let's look at that rather than me asking questions that all go on notice. We'll try to get to the point that way after lunch. Is that fine? Thank you.

Senator WATT: I keep trying to remember this question. I've worked out what it is. On community development grants, Senator Sterle was asking questions here. I gather one thing that we didn't get was a list of the 25 projects from the 2016 election that are still stuck in the approvals or funding phase. Do you have that list?

Dr Bacon: Part of the information that we've tabled with you this morning is all of the active projects. It includes all the active projects that we have in the Community Development Grants Program. Those projects should be contained as part of that list; that's my understanding.

Ms Hallam: We will supply you with the list of the 25 as soon as possible.

Senator WATT: Thanks. That would be good. Are you happy for us to keep on going?

CHAIR: I have a question. I want to ask about the drought community outreach activities. Can you provide a rundown of the purpose of these events, in which states they were held and what agencies and organisations attended them?

Ms Hallam: Yes, certainly. We have conducted outreach activities in New South Wales, Victoria, South Australia and Queensland. Seventy-two locations have been visited to date. Agencies involved include the Australian Taxation Office, the Department of Human Services, state government agriculture bodies, the Rural Financial Counselling Service and charitable organisations, such as the Salvation Army and St Vincent de Paul. Their purpose has been to take government services to farmers who may not have the capacity or time to understand the range of government support on offer. We will go to the local town. Local governments have been very supportive, often providing a place in which to meet farmers. People will come in and ask questions about how they can access various programs and whether there is anything that the tax office can do to assist them with any tax problems they might have. The human services people will help them complete forms, if required, as well, so they can access the farm household allowance. It's been a very popular initiative.

CHAIR: That's really terrific. I'm seeing a great program with the NFF that is trying to provide a centralised location for this information. But there's nothing that replaces real people, particularly when people are under such stress. I want to congratulate the department for being practical in that sort of engagement. Government programs are all very well, but if they're not connecting with people, they're not as useful. So that's a terrific initiative.
Ms Hallam: Thank you, Senator. I'm a daughter of farmers and I'm married to a farmer. I like to think that they would appreciate that sort of opportunity to have a face-to-face conversation with people if they were in need.

CHAIR: Terrific.

Ms Hallam: So thank you.

Senator WATT: I have a few questions about regional deals. We have had a few organisations come to the opposition since the election with detailed prospectuses they have prepared in the hope of securing a regional deal. Minister, what is the process for an organisation to apply for a regional deal?

Ms Spence: At the moment, the focus is on the three regional deals that have already been announced and implementing them. That is the focus at the moment.

Senator WATT: And they are Hinkler, Albury-Wodonga—

Ms Spence: And Barkly.

Senator WATT: And Barkly. So there is no process for an organisation to apply for a regional deal?

Ms Spence: That's right.

Senator WATT: Has there been any discussion about opening it up to other regions?

Dr Bacon: At the moment, the focus is on delivering the pilots that are currently underway in those three pilot locations.

Senator WATT: Okay. What makes a regional deal regional, in contrast to a city deal? It happens in a region, I presume?

Dr Bacon: That is correct. There are three pilot deals underway at the moment: in Queensland, the New South Wales-Victorian border region for Albury-Wodonga and then around Tennant Creek in the Barkly area in the Northern Territory. Those areas are obviously outside major capital cities and would classify as regional areas under the way that we would approach regional development assistance.

Senator WATT: Okay. Is there any difference, then, in the content of a regional deal compared to a city deal?

Dr Bacon: Perhaps what we're seeing from the pilots so far, in terms of the principles that apply or that we're very conscious of in terms of these pilot regional deals, is that, firstly, we understand the opportunities in a particular region. We look at the opportunities and challenges that a particular region and its communities may face. We look at what opportunities there are to bring to bear to support from existing programs across all of the portfolios in the Commonwealth government. We look at what opportunities there are to bring together different programs or activities that might happen across the three levels of government. So, in that sense, those three high-level principles are the kinds of principles that we're seeing play out in the pilots that are underway at the moment.

Mr Yeaman: I have an overall responsibility for the cities component. In kicking off these regional deal pilots, one of the things we're aware of is that the major metropolitan city deals tend to a long timeline and involve quite a heavy engagement and level of contribution from the local councils and state government that are affected. We are trying also to tailor the
regional deal pilots to be less resource intensive, shorter in scale and put less pressure on some of the smaller regional councils that have less capacity than some of the larger metropolitan councils as well. So the time frames generally have been shorter.

**Senator WATT:** What is the policy for engaging state and local governments and RDA committees in the development of a regional deal?

**Dr Bacon:** For the three pilots underway, they've all had their own features in terms of those pilot deals that have progressed. We're certainly happy to provide some information on how that worked in relation to the Barkly regional deal, for example. In that particular pilot regional deal, there's been very strong engagement across the three levels of government. So the Northern Territory government, the federal government and the Barkly Regional Council have all been very actively engaged both in the negotiation phase of that regional deal and since the signing of that deal in the implementation and delivery phase as well.

**Senator WATT:** Is there any funding allocated for regional deals beyond that which is currently outlined for the three existing deals in this year's budget?

**Dr Bacon:** Not currently.

**Senator WATT:** This gets back to the point that they are really the only three at the moment?

**Dr Bacon:** They are the three pilots that we're focusing on at the moment, yes.

**Senator WATT:** I will examine the Hinkler deal to start with. Does the government still anticipate spending $71 million over the forward estimates on the Hinkler regional deal, including $11 million in 2019-20?

**Ms Spence:** Yes.

**Mr Wood:** We have responsibility for the Hinkler regional deal as well as the city deals. The commitment through the budget stands. The expectation is that we are working towards the expenditure on that basis. We've got a very good working relationship with the two councils up there. The state government, while not a party to the deal at this point, has indicated that it will assist in the facilitation of those projects. So we're now currently working towards the implementation and funding arrangements for the delivery of those commitments.

**Senator WATT:** When is that funding going to start being seen in Hinkler?

**Mr Wood:** Our expectation is that some of those projects would commence through this financial year, but we still need to finalise the implementation and funding arrangements for those projects, which we hope to get done over the next couple of months.

**Senator WATT:** Minister McKenzie, you issued a press release earlier in the year with the local member, Mr Pitt, and Minister McCormack. You were quoted in that release as saying there has been a lot of interest from communities which want to participate in the regional deals pilot. The Bundaberg-Hervey Bay area has expressed their desire to be one of the pilot locations. Who from the Bundaberg-Hervey Bay area made the initial representation to the government?

**Senator McKenzie:** We would have to take that on notice to see if there is any formal communication in the department. Definitely the local member had made it very clear. I met personally with the local councils, who were very keen as well.

**Senator WATT:** So your member of parliament, Mr Pitt, said he was keen?
Senator McKenzie: Yes. As I said, we'll take it on notice to ascertain directly the level of representation.

Senator WATT: Do you know whether any written representations were made?

Senator McKenzie: That's what we're going to check.

Senator WATT: I will get you to table copies of any of that correspondence from representations made, be it by Mr Pitt or anyone else seeking a regional notice.

Senator McKenzie: We'll take it on notice.

Senator WATT: I'm assuming that correspondence will show when that occurred. So this Hinkler regional deal is situated within parts of the Bundaberg and Fraser Coast regional councils and within the established Wide Bay-Burnett region. What is the policy rationale for the Hinkler regional deal not including all of Bundaberg and the Fraser Coast regional councils let alone all of the established Wide Bay-Burnett region?

Mr Wood: The government announced the Hinkler deal based on the boundaries of the cashless credit card trial. So the deal boundaries are aligned on that basis.

Senator WATT: Is that always a factor for choosing the boundaries of a regional deal?

Mr Wood: No. It is a pilot, and that is the basis of the Hinkler deal. The two other deals have their own factors in the selection and boundaries of those deals, if indeed there is a hard boundary for a deal.

Senator WATT: What are the factors in the other deals?

Mr Wood: So the Albury-Wodonga deal remains under discussion with the respective state governments. At this stage, it is based on the two councils, but it remains to be finalised as we take that deal forward. I defer to colleagues on the Barkly deal.

Dr Bacon: For the Barkly regional deal, it makes sense to look at both Tennant Creek and the communities in the Barkly region surrounding Tennant Creek. That was the basis on which the deal was constructed.

Senator WATT: Applying that logic, wouldn't it make sense to have the Hinkler regional deal cover off the entirety of these councils rather than just parts of it?

Ms Spence: As Mr Wood pointed out, these are all pilots, so it's different ways of looking at how you can take these deals forward.

Senator WATT: Is the government aware, Minister, of any concerns from any locals in Wide Bay-Burnett about their exclusion from the regional deal? I'm talking here about people who are outside this Bundaberg-Hervey Bay area?

Senator McKenzie: I'd have to take that on notice.

Senator WATT: What about from the department's perspective? Are you aware of any complaints about that?

Mr Yeaman: We're certainly aware, as is often the case with these city deals, that we need to draw a line somewhere. When we draw the line, there are usually people who are just outside those lines who would rather be included in the deal. We obviously need to make decisions. Government takes ultimately a decision around the outcome. So we are aware that there are communities and individuals on the fringe of that deal that would like to have been included.
Senator WATT: Is the answer as to why they're not simply that they don't fall within the cashless debit card area?

Mr Yeaman: Correct. There was a decision taken upfront by the government, after consultation with the local communities, to set those boundaries. As I said, it was consistent with existing government policies. It lined up quite nicely there. That was the decision that was taken at the time.

Senator WATT: So the department's website notes that regional deals bring together all levels of government around a clear set of objectives and support a place based approach by putting community identified priorities at the centre. Given that this Hinkler deal excludes parts of a defined geographic location and the government isn't engaging with the state government about this deal, how does the government justify this Hinkler deal against this policy that you've got on your website?

Mr Yeaman: The objectives you've laid out are our preference. We have worked very closely with the Queensland government through the development of the deal in the early stages. They've ultimately chosen not to be a signatory to the deal. We would, of course, prefer that they had signed up. That was our objective and that's what we tried to do. This is, as we said, a pilot in the first instance. In this case, we still hope that the Queensland government will ultimately sign up and be part of it. We did work very closely with the Queensland government in the development of the deal and the local councils in the spirit of the text you've just read out. The Queensland government, as Mr Wood said, has agreed to help proceed and progress the priorities that were identified as part of the deal from a delivery perspective.

Senator WATT: But the money is still on the table?

Mr Yeaman: Correct.

Senator WATT: All the money that has been allocated. The Wide Bay-Burnett region spans all of the Hinkler electorate. It also covers parts of the Flynn, Wide Bay and Maranoa electorates. Have those members made representations requesting this regional deal encompass the entire Wide Bay-Burnett region or at least the Bundaberg and Fraser Coast councils?

Mr Yeaman: Not to our knowledge. We can go back and just be 100 per cent sure we haven't received any correspondence, but not to our knowledge.

Senator WATT: Have those members made any representations regarding this deal?

Mr Yeaman: We'll take it on notice to be 100 per cent sure. But we're not aware of any.

Senator WATT: Minister, does that mean, then, that the Queensland state government is out there fighting for the heritage city and the Wide Bay-Burnett region to be included in its regional deal, which I think is the basis of their objections, but we haven't got any interest from your members for Wide Bay, Flynn and Maranoa?

Senator McKenzie: No. I think what you heard the official say is that they're going to check their correspondence records around that. They also articulated the desire to work very closely with all levels of government, including state governments from all persuasions, particularly with respect to the Hinkler deal. At the beginning of that discussion, there were a lot of meetings and correspondence and conversations getting that deal kicked off. At the end
of the day, they chose not to be a signatory at that time. I am hoping that they reconsider that and see the real benefits that this deal will bring to the communities identified within the boundaries.

Senator WATT: One of the reasons we're asking is that the Wide Bay-Burnett is accepted to be a region for RDA purposes. It's got a regional jobs and investment package. It's one of the regional employment trials regions. There's a whole range of reasons why you would think that a regional deal in that part of the world would encompass the Wide Bay-Burnett region, but we've got the government deciding, 'No. Let's do it on the basis of an electorate or a cashless debit card trial', excluding a whole range of people. How did you justify that?

Senator McKenzie: As Ms Spence said, there's three trials. They are all very different. So the Albury-Wodonga regional deal is the only cross-border regional deal. I'm really looking forward to what that will throw up in terms of ways that different state governments can harmonise a lot of their regulatory framework to make doing business and living in these communities better. It's not all about the money. The Barkly regional deal I think is going to deliver for generations to come as it seeks to overcome some of the not just economic but social disadvantage for those communities throughout the Barkly region. They are very distinct and unique deals with very different ways of defining their boundaries and the benefits. Once we've completed the deals and we've seen that roll out over time, that will feed into further iterations of the regional deal program for other communities.

Senator WATT: I turn to the Albury-Wodonga deal. I understand that this is at the strategic planning phase and that neither state government has signed on yet. Is that correct?

Ms Spence: That's correct.

Mr Wood: I will add to that. We've been having very positive discussions with officials from both governments. Certainly New South Wales has advised informally they expect to formally agree to participate in that imminently. In Victoria, we've been having positive discussions and we wait to hear from the Victorian state government.

Senator WATT: So what strategic planning has taken place since March?

Mr Wood: We've had a range of stakeholder discussions. I think on two occasions officers from my division have gone to Albury-Wodonga. There have also been discussions with both councils, the RDA and a range of other stakeholders in the regions. Importantly, it has been the two state governments and the cross-border commissioners from both those governments. I think it is important that the state governments have not formally joined the process at this stage. It is at an early stage. As soon as they do, we will be able to accelerate accordingly.

Senator WATT: What organisations are participating, if not the state governments?

Mr Wood: At this stage, the two councils are the key participants. We expect the states will come along with that as well. We then need to determine the formal governance to see what sort of advisory or consultative mechanism there is beneath that, which would provide a role for other organisations in the region, be it the RDA, chambers of commerce or, other community or private sector organisations.

Mr Yeaman: Both councils in the Albury-Wodonga case have done a substantial amount of preparatory work, as have some other councils, in terms of getting themselves, if you like, deal ready. They've put quite a bit of time and resources in. They've briefed us on some of
their early work and findings. They are, in a way, quite ready for when the time comes when the state governments get on board to move ahead. They have done, I know, without having specific in front of me, quite a lot of legwork with the kind of bodies that Mr Wood just described—their own local community members—to build up what they see as some of the key elements of the deal that could be delivered if the Commonwealth and state government support them.

**Senator GALLACHER:** How many meetings have you had since March?

**Mr Wood:** It's not on a regular time frame. There were a couple of meetings a little while ago. Since that time, we've met less frequently given we're waiting to work with the two state governments.

**Senator GALLACHER:** Is there a number between March and now of the times you've met?

**Mr Wood:** I would need to take that on notice.

**Senator GALLACHER:** You don't know how many times you've met since March?

**Mr Wood:** I don't, no. I'd need to consult with my officials.

**Senator GALLACHER:** Is it three times or five times?

**Mr Wood:** I'd need to consult with my staff. We are appearing today—

**Senator GALLACHER:** Perhaps you could ask them out the back to let us know.

**Mr Stankevicius:** We've met twice. We visited twice to the region. We met with the local councils and a range of the groups described by Mr Wood—the local councils and the RDAs—in the first meeting in April.

**Senator GALLACHER:** I want to know how many times you've met. You've met twice?

**Mr Stankevicius:** As Mr Wood and Mr Yeaman have said, we're waiting for the state governments to commit to the deal before we roll out a much more active program of engagement.

**Senator WATT:** With this Albury-Wodonga one, you mention two councils. I assume you're talking about Albury council and Wodonga council?

**Mr Stankevicius:** Correct.

**Senator WATT:** Is there any involvement from the Greater Hume Council and the Indigo Shire?

**Mr Stankevicius:** The way in which the deals often develop is that the Australian government and the state government work with the local governments in the area to define what works best. In particular, that question of what works best is basically framed around what is going to work in a productivity and liveability sense. That is what works economically. We're yet to have those discussions on the ground. We'll certainly have those discussions with the broader councils, because they will be an important part of better understanding the region that Albury-Wodonga sits within. But they are important conversations for us to have in the days, weeks and months ahead.

**Senator WATT:** So even though those other councils—Greater Hume and Indigo—would be recognised to be within the Albury-Wodonga region, they are excluded from the process?
Mr Stankevicius: No. They're not excluded from the process. They are yet to be engaged in the process. As I said, once the two state governments commit to partnering in this deal, then we'll further scope who the local government sensible economic, productivity and liveable arrangements best encompass.

Senator WATT: Okay. So when do you expect this strategic planning phase to be completed?

Mr Stankevicius: The strategic planning phase will be completed once the state governments agree to participate in the deal and we engage with the relevant local councils, as I said, as we define what works sensibly in a productivity and liveability sense. I expect that over the next six months we would make significant progress in relation to the strategic planning phase with those parties all working together.

Senator WATT: What funding is available for that next phase?

Mr Stankevicius: You've already asked and had that question answered in relation to the budget. That is available in the budget papers in terms of the $3.2 million going forward for this financial year. That's to support those activities.

Senator WATT: Which is the step beyond strategic planning for the actual—

Mr Stankevicius: It includes strategic planning as well as the step beyond. As Mr Yeaman said, the two councils already have done some preparatory work in terms of their Two cities one community document. They provided that to the government in 2018 as the basis to start discussions on this pilot regional deal. That is a good basis for work, but, as you've identified, that is the voice of the two councils. Certainly that is a key in terms of looking at what this regional deal might cover. But it doesn't cover everything, which is why we've already engaged with 27 stakeholders across the region in those first two visits to Albury-Wodonga. We'll continue to roll out that engagement process as we move forward.

Senator WATT: Okay. Minister, who from Albury-Wodonga made the initial representation to the government for this deal?

Senator McKenzie: I would have to check in terms of who made the initial representation. But as a resident of those communities, I can say that they're very excited to get it going. We've had the Victorian election, which held it up for a little while we waited to see the outcome of that; the New South Wales state election, which again impacted; and then our federal election. So there have been some practical reasons why both state governments have taken their time. However, I think now is an opportune time for both the New South Wales and Victorian relevant ministers to see the benefits of participating in this together. The communities are ready to go. As we said, they've got a strategic document that they've developed already. If you're on the ground in that community, just the frustration and the lack of harmonisation around a whole raft of state legislation and regulation really means this deal won't just be about new services and new infrastructure but will be really having a unique examination, I hope, of how those cross-border communities that exist right across the country can work together better for their businesses and their citizens.

Senator WATT: The last one is the Barkly deal. Page 13 of that deal notes that the majority of this new investment will be expended over the first three years. Budget Paper 2 states that only $14.6 million will be spent over the four years of the forward estimates. Can you explain the difference between those two statements?
Mr Faris: The question, I think, is about page 13 of the deal that you reference?

Senator WATT: Yes. Page 13 of the regional deal says that the majority of the investment will be expended over the first three years. What is that one worth in total, by the way—$78.4 million, I think?

Mr Faris: That's right. It's $45.4 million from the Commonwealth, $30 million from the Northern Territory government and $3 million from the Barkly Regional Council.

Senator WATT: The deal document itself says that the majority of investment will be spent over the first three years, but Budget Paper 2 says that, in fact, only $14.6 million will be spent. How do we reconcile them?

Mr Faris: Budget Paper 2 reflects the funds that have been allocated to the Treasury initially to hold for the Barkly regional deal. That's a total of $22.4 million over the first three years. The other two main elements of the Commonwealth's contribution are a $7.6 million project out of the Building Better Regions Fund, which the Barkly Regional Council had submitted to support new infrastructure in Tennant Creek and some of the outlying communities. The balance of that is $15.4 million, which is the Commonwealth contribution to the installation of a weather radar in Tennant Creek. That funding has gone to the Bureau of Meteorology, so it won't be showing up necessarily where you might expect it in the budget papers.

Senator WATT: Those additional funds—the Bureau of Meteorology funding and the other—

Mr Faris: The BBRF program.

Senator WATT: will still be allocated and spent over the next three years?

Mr Faris: No. The Bureau of Meteorology project, actually, from memory, is a 19-year-long commitment, with installation starting in a couple of years. There is a backlog in supply of the relevant weather satellite and radar material.

Senator WATT: Putting all that together, is the claim that's made in the regional deal document true when it says that the majority of the investment is going to be expended over the first three years?

Mr Faris: Yes.

Senator WATT: Because it is the $14.6 million plus the Building Better Regions Fund plus some of the Bureau of Meteorology funding?

Mr Faris: Plus most of the $30 million of the Northern Territory government money and I think all of the $3 million of the Barkly Regional Council.

Senator WATT: I understand. So, really, it's only because of the Northern Territory government's funding that the majority of the investment is going to be expended over the first three years?

Mr Faris: No. I don't think that's quite right. Of the $45.4 million Commonwealth contribution, $30 million of that is not the radar, if you like. The majority of that is profiled over the forward estimates.

Senator WATT: Still on that document, the Barkly regional deal, there's a quote there that the lessons and experiences from the Barkly, Hinkler and Albury-Wodonga regional deals...
will inform how and where future regional deals are rolled out. But we've already been told that there are no other regional deals in negotiation at this point.

**Ms Spence:** To be a bit clearer, we have said that we have three pilots underway. I don't think anything in the Barkly regional deal document is any different to what we say we're working through with the current pilots.

**Senator WATT:** Minister, there is no formal process for any information to apply for a regional deal?

**Senator McKenzie:** As the officials have outlined, we have three pilots. As I travel around regional Australia, I see that a lot of communities see this as a potential benefit for them and their region. There's a lot of interest out there. We're looking forward to landing these deals and having an iterative process about what we learn from them to go forward with further initiatives.

**Senator WATT:** Isn't the real lesson from these regional deals that it's just a way of the government dressing up election commitments as a regional deal? It's not strategic. It's not place based. It hasn't brought all levels of government together.

**Senator McKenzie:** The Barkly regional deal is definitely a place based approach.

**Senator WATT:** What about the others?

**Senator McKenzie:** Well, as we said, we're waiting for New South Wales and Victorian governments on the Albury-Wodonga deal. In terms of Hinkler, it's another approach. I'm hoping that the Queensland government sees the benefit of participating.

**Senator WATT:** Maybe they would if it were actually being done on a proper regional basis rather than to fit your government's—

**Senator McKenzie:** As I said, there are three different approaches being used in each of the pilots which will inform the government moving forward.

**Senator WATT:** Minister, isn't it really the case that this Albury-Wodonga regional deal is off on the never-never because it was really just an election commitment designed to coincide with your press club speech in Wodonga?

**Senator McKenzie:** I hope not and I very much doubt it. The local mayors don't feel that way. The local businesses don't feel that way. The level of frustration within the community about the lack of harmonisation on a raft of issues between the two state governments is palpable. It costs them a lot of money. Indeed, the community right now is making decisions around the way it provides health services between Albury and Wodonga. So I'm confident we'll land it. It's just a matter of engaging the Victorian and New South Wales ministers. I understand that they're very keen.

**CHAIR:** Senator Watt, we're coming to the break.

**Senator WATT:** Very quickly, I want to tidy up a couple of drought related questions. We were talking about Major-General Day's report. It's actually a question for the minister so I'll wait for her. Minister—

**Senator McKenzie:** I want to add an update. I've got it hot off the press today. We had Minister Barilaro meet with Assistant Minister Marino from Victoria on the Albury-Wodonga deal today. So things are moving forward, which is great news.
Senator WATT: Minister, we were talking before about advice from the drought envoy and the drought coordinator. Have you read the drought coordinator's report?

Senator McKenzie: Yes.

Senator WATT: In full?

Senator McKenzie: Yes. It was delivered to me whenever he presented it to government.

Senator WATT: Senator McDonald asked a question before about the communities program and, I think, the work that is being done to talk to farmers about accessing the farm household allowance.

Senator McKenzie: It was the whole-of-government approach.

Senator WATT: Is the communities’ outreach actually assessed in relation to its effectiveness?

Ms Hallam: There's no formal assessment. We are interested in the number of people who turn up to each meeting. To date, the response has been very good.

Senator WATT: But no formal assessment?

Ms Hallam: No.

Senator WATT: Thanks.

Senator RENNICK: Given that Bundaberg and Hervey Bay are two of the fastest-growing, if not the fastest, cities in Queensland, do you know why the Queensland state government won't sign up to the Hinkler Regional Deal?

Mr Yeaman: That is a matter for the Queensland government.

Senator McKenzie: It's not for want of trying.

Mr Yeaman: I would also note that the Queensland government was engaged closely in the process of going through and developing some of the initiatives that we are now ultimately funding as the Commonwealth in this space. Ultimately, they have not chosen to sign as a signatory to the deal itself.

Senator RENNICK: Given the drought we have at the moment, wouldn't moving public servants to the regions inject millions of dollars into the regional towns that are suffering from drought? Is that fair?

Dr Bacon: I think we talked earlier about the first and the second business cases that are done. So for each individual proposal around decentralisation there will be analysis in that second business case around benefits that will flow to those individual regions. I don't have in front of me detail about which decentralisation initiatives have happened in areas that are experiencing drought at the moment. We'd have to follow up with the correlation of those two pieces of data.

Senator RENNICK: Sure. My mum was a midwife before the maternity ward in Chinchilla was closed down. It used to help dad out a lot when there was a drought on. Moving some Public Service jobs to the regions, I think, would diversify the economy, especially if your spouse is, as Ms Hallam said, a farmer or something. Having one spouse with a stable income can help diversify incomes and give a bit more support to the regions. Thank you.
Senator WATT: There have been a few questions taken on notice. Is there anything you can update the committee on so far?

Ms Spence: We'll try to come back straight after lunch, if that's all right with the chair.

Chair: Sounds like a terrific idea.

Senator STERLE: Thank you. We've got a lot of questions on Regions at the Ready.

Chair: We're going to suspend for lunch now. We will be back at 1.35 pm

Proceedings suspended from 12:33 to 13:36

Chair: We might get started again. I believe that we have completed regional development and local government. We will move to infrastructure investment.

Ms Spence: Do you want us to table any of the documents? We can table for you the breakdown on the decentralisation back to 2013 for the 1,700 and those CDG projects from the 2016 election that aren't yet contracted.

Senator STERLE: So you've got the breakdown of the new and the relocated? You've got all that?

Ms Spence: We couldn't do it down to the new and relocated, but we have got completed and underway back to 2013, which we weren't able to provide you previously.

Chair: Is that this document that we've just been circulated now?

Ms Spence: That is the six.

Chair: We are waiting for the jobs one. Then we might table them together.

Ms Spence: I think we're just making copies of them.

Dr Bacon: There are some copies still coming off the printer, I understand, Senator, for the decentralisation details. What you've got there is the active projects from 2016 for the Community Development Grants Program.

Ms Spence: We can also provide an update on the labour hire figures for the department as well as those seven contracts that I think Senator Sterle was referring to earlier.

Chair: So you can?

Ms Spence: We can provide that update before we start with infrastructure division.

Chair: Excuse me, Mr Sterle.

Ms Spence: We can provide the update on the labour hire figures for the department now, if you would like those. We can also give you an update on those seven contracts that you referred to.

Senator STERLE: I think you should because Senator Watt was requiring it. Why don't you flick that to us? Do you want to have a quick look?

Senator WATT: Yes.

Ms Spence: We can just give it to you verbally. We don't have that in writing.

Senator WATT: Let's run through that really quickly.

Ms Potter: Labour hire expenditure in 2017-18 was $10,904,732. In 2018-19, it was $14,189,104. In 2019-20 to 31 August, it is $2,049,565. I seek a clarification in relation to the contracts that you were asking about.
Senator WATT: Yes.
Ms Potter: Could you please confirm the categories of expenditure that you were looking at.
Senator WATT: There are a couple of things. Are we talking about temporary personnel or labour hire?
Ms Potter: In relation to, I think, market research and communications activities.
Senator WATT: This is the seven contracts point?
Ms Potter: Yes.
Senator WATT: I thought there was something around there having been seven. Bear with me one moment. I think the department tabled a response to a Senate order to produce documents or some sort of a Senate order in which the department reported that there were seven contracts for PR, market research and communications advice. So they are the seven contracts we are talking about.
Ms Potter: I will come back to you formally on notice. In relation to those categories, those include news and publicity services, market research and advertising. There is a contract for Isentia, which is our media monitoring service. Most of the others—JWS Research, Hall & Partners, Moody Brands—they relate to the Building our Future campaign. But I'll have to come back to you on the others separately. I will do that on notice.
Senator WATT: Just go back to the transcript. I think there were some specific questions about them that you took on notice. If you can come back on those, that would be good.
Ms Potter: Certainly.
Senator WATT: One of the things that you also took on notice was about the drought and the communities that were, if you like, just below the threshold. Do you have any of that information available now?
Ms Spence: No. We don't have that available at the moment.
Senator WATT: What about those specific council areas that I listed?
Ms Spence: I'm sorry, no, we don't have that information.
Senator WATT: Could we try to get that one back today, please?
Ms Spence: Yes.
Senator WATT: Since we're going to move on from regional development, there are probably two quick things I might deal with there, if people haven't left already. We just did a quick double-check. I will rip through these as quickly as I can. With the regional jobs and investment packages, it appears that there has been an underspend in the tropical and North Queensland package.
Senator RENNICK: It affects you.
Senator WATT: Indeed. I reckon Senator McDonald is going to want to chime in. The department's website states that the regional jobs and investment packages total $222.3 million across 10 regions, including $20 million for tropical North Queensland. It looks like there's actually only been $18.1 million spent in tropical north Queensland, which is an underspend of $1.9 million, whereas other regions recorded overspends. Is there a reason for the underspend in tropical North Queensland?
Ms Wieland: The RJIP is still underway. There's a range of projects that are yet to be completed. Along the way, there have been some savings in projects. There have also been projects that have either declined funding or are no longer proceeding for a range of reasons.

Senator WATT: Is that $1.9 million, if you like, underspend for tropical North Queensland, compared to what was announced, still available for projects in tropical North Queensland?

Ms Wieland: I suspect that it has already been reallocated. I'd have to take that on notice.

Senator WATT: Okay. Could you please come back to us on that. We've got information on grants awarded under rounds 3 and 4 of the Stronger Communities Program. That is in the departmental grants index and the new GrantConnect. It looks like there has been an overspend here. The departmental grants index shows that round 3 projects commenced from 5 August 2017 to 21 December 2017. Then GrantConnect shows that rounds 3 and 4 projects were approved from 23 October 2017 through to 28 February 2018. The total expenditure across these databases under Stronger Communities is $45.232 million, which is an overspend of $232,304. Is there a reason for the overspend in that one?

Ms Wieland: I don't accept that there is an overspend. We'd have to look into that. It may well be that there's a duplication of publication across the two websites. The Stronger Communities Program first couple of rounds were delivered by this department. Subsequently, the Grants Hub now does delivery on our behalf. The data I have has shown small underspends across each round.

Senator WATT: Maybe you could take that on notice as well.

Ms Wieland: I will.

Senator WATT: Which electorates received more than $150,000 in this program?

Ms Wieland: Every electorate has eligibility for $150,000. So if they've received multiple rounds, they get $150,000 each round. So nobody has received over $150,000 in any round.

Senator WATT: So an electorate may have got $150,000 in round 3 and in round 4?

Ms Wieland: That's correct.

Senator WATT: But not every electorate got it in both?

Ms Wieland: Every electorate is eligible for $150,000 each round.

Senator WATT: Okay.

Ms Wieland: We're in the fourth round now.

Senator WATT: Okay. Is there somewhere we can find for each electorate what that money has been allocated to?

Ms Wieland: You won't, because we're in round 4 assessment at the moment. The projects are published on GrantConnect.

Senator WATT: So if we go to GrantConnect, we can see for round 3 what every grant has been used for in every electorate?

Ms Wieland: I don't know that you can get it as a summary report, but, yes, you can get SCP round 3 projects.
Senator WATT: For simplicity, I will ask you to take that on notice as well. Can we get a list of every project in round 3? Are you saying that nothing has been allocated in round 4 yet?

Ms Wieland: They are in the process at the moment. It only just closed to applications last Thursday.

Senator WATT: Is there any work happening towards round 5?

Ms Wieland: Sorry, round 5, not round 4. My apologies.

Senator WATT: Could we, in that case, also get a list of all the grants funded in round 4? So three and four broken down by electorate?

Ms Wieland: We can do that in that program because it is an electorate based program.

Senator WATT: Are there any improvements or changes you are making to processes for round 5?

Ms Wieland: That was explained in the information session held for all the members of parliament prior to the launch of the program. Largely, it's about how the interaction goes between MPs and the Grants Hub. There have been no significant changes to eligibility.

CHAIR: I want to clarify. So the local member has to put in the application for the $150,000?

Ms Wieland: I will explain the process. Members of parliament work with their local communities to identify projects. They can identify up to 20 projects that they nominate. They nominate those projects to the Grants Hub. The Grants Hub then contacts the proponent for that project. They also keep some status on their system for the MP's office. The MP can track whether the applicant has lodged their application or not, and they can chase up people who have been tardy in that regard. Once that application is lodged, the Grants Hub assesses it and works out whether they are eligible for the program or not.

Senator STERLE: We have it on occasions where some electorates just didn't get it in or the MP was knocked off or something. Has that happened since?

Ms Wieland: All 150 have nominated, I understand.

Senator STERLE: Good. So a few got their knuckles rapped last time. You should roll it out for the senators.

CHAIR: A good idea.

Ms Wieland: Sometimes even though a project has been nominated, the applicant doesn't get the information in.

Senator STERLE: I understand that.

Senator WATT: Are you able to confirm the total budgets and total expenditure under rounds 1, 2, 3 and 4 of that program?

Ms Wieland: I will have to take that on notice. The notional allocations for each of the first four rounds was $150,000 by the 150 electorates. It has increased by another $150,000 this round because of the additional electorate. We do have that.

Ms Hallam: I am happy to provide that to you. Round 1 was $19.2 million total funding. Round 2 was $18.2 million total funding. Round 3 was $21.4 million. Round 4 was $21.4 million. Round 5 was $22.65 million.
Ms Wieland: That last figure is the round that has just closed for application.

Senator WATT: Round 5 is underway at the moment. Rounds one to four have closed and money has been allocated. Are they the notional figures of what was allocated or what was actually allocated?

Ms Wieland: No. That is actually what was allocated.

Senator WATT: How did that compare to the budget for each year?

Ms Wieland: The figure would have been $22½ million, which would have been the notional figure for those years.

Senator WATT: For all four?

Ms Wieland: For each of rounds one to four.

Senator WATT: For each of them. Being 150 times—

Ms Wieland: So $150,000 times 150 electorates, yes.

Senator WATT: So there has been a bit of an underspend for every year?

Ms Wieland: Yes.

Senator WATT: And that's what you were saying earlier?

Ms Wieland: Yes.

Senator WATT: I think that does finish up for regional development.

CHAIR: Terrific. Thank you very much. We will move to infrastructure investment.

Senator WATT: Thanks, everyone. There's obviously been a lot of debate publicly about infrastructure rollout. We've had the Reserve Bank governor, among others, call for projects to be brought forward. I noticed with interest some comments from the Treasurer on 11 October about this. He confessed that Queensland had responded to the Prime Minister's letter setting out projects that they did want brought forward. On this topic of fast-tracking infrastructure, who actually is the lead agency? Is it your department? Is it PM&C? Is it Treasury?

Mr Yeaman: It's us. We're working closely with other agencies. I think there are a couple of processes running. We have through our portfolio contacts, based on advice from government, spoken to all of our counterparts in each of the state governments and said that, consistent with the public messaging, the government is interested in accelerating the program wherever possible. Each of the states is coming back to us in the normal way at MYEFO with their updated profiles.

What we've said to them at the bureaucratic level is, 'If you can demonstrate that a project can be delivered more quickly, our government is sympathetic to that. It all depends on, obviously, ultimate budget decisions and being able to get the funding within the chosen profile. But we want to hear what those asks are.' The key is that we want surety that those projects they are asking to bring forward can be delivered in a more accelerated timeframe so that we don't ultimately have to then defer last-time payments at a later date. So we've done that at the bureaucratic level.

I'm aware that at the ministerial level in our portfolio both the Deputy Prime Minister and Minister Tudge have met with all of their state counterparts since the election campaign a number of times to discuss the delivery of the program. They've all made that same offer and
statement to their counterparts to say if you have projects to bring forward, please let our department know and bring them forward. In addition, I know that the Prime Minister and the Treasurer have had some of their own meetings with their counterparts and have provided, I believe, some correspondence to their counterparts to say we are also in the business of bringing things forward where we can. We don't have as much visibility of those. We're aware of them. We haven't got full visibility of every piece of correspondence in that case. But certainly I can say that the message has gone out across all levels of government that we are open to looking at any proposal to bring funding forward.

CHAIR: Senator Watt, could we just table these two documents that we received earlier for the Community Development Grants Program? If we could table them, the committee is happy. Thank you very much.

Senator WATT: Thanks. Was the department involved in drafting the letters that the Prime Minister says he wrote to state premiers and chief ministers about bringing projects forward?

Mr Caruso: We were consulted by the Department of Prime Minister and Cabinet in the preparation of those letters.

Senator WATT: So PM&C actually drafted them and they consulted you?

Mr Caruso: Correct.

Senator WATT: But you're the lead agency?

Mr Yeaman: In terms of the overall infrastructure program and advice to government around the total amount in the program and advice to bring projects forward, yes, we do that.

Senator WATT: Have officials from your department been working with state officials to identify suitable projects?

Mr Yeaman: Yes.

Senator WATT: Can you tell us something about when you last met with them?

Mr Yeaman: We're in, I think, weekly discussions with our state counterparts. I don't mean to waste the committee's time, but for any members in particular, ahead of each MYEFO process, we go through a discussion with each state government to say, 'How is the current program tracking? What are the right milestone payments for our updated estimates? What can be either brought forward or what is running behind schedule?' So in the context of those conversations, which are ongoing, this same discussion is taking place. So it is happening weekly and daily with each state.

Senator WATT: So it would be fair to say, then, that most or all states have given some indication of projects that they would like to see brought forward?

Ms Dacey: To varying degrees and in varying formats, yes, that will indicate a willingness to consider and give advice to us about what they think could be accelerated.

Senator WATT: So even though some states may not have formally responded, each state and territory has now given some indication of the projects that they would like to see brought forward?
Ms Dacey: I think it's not quite all states. But the conversations that Mr Yeaman described are absolutely happening across the board. Equally, the way that each state or territory is responding to that discussion is slightly different. But in the broad, yes.

Senator WATT: Not to get too finicky about this, but which states and territories would you say have given a pretty clear indication of the projects they'd like to see brought forward?

Ms Dacey: A couple of the larger states have come forward. But I don't want to do a disservice or an injustice to some of the smaller states and territories as well. We certainly had detailed conversations with Queensland, South Australia and, I would say, all of the large states.

Mr Yeaman: I can certainly say that, from my conversations with state governments, Queensland and South Australia are the states probably the most formalised in the way they've approached us. New South Wales has certainly had discussions about which projects they think could be brought forward or funded earlier. Victoria certainly has. There was a recent announcement by the Prime Minister around the Monash Freeway, where the government did choose to allocate some money to accelerate that program. So I think all of the eastern seaboard states have certainly been engaging in that conversation with us. Western Australia, I think, also has had some discussions with us on that front.

Senator STERLE: They have?

Mr Yeaman: Yes. They have.

Senator WATT: You said Queensland and South Australia are the, if you like, most formal. Does that mean they've written to the government?

Mr Yeaman: As you may be aware, we're in discussions and negotiations with the Queensland government at the moment about their overall infrastructure program. There have been a number of letters between our minister and the Queensland equivalent, Mr Bailey, and at the Premier and Prime Minister level, where they've outlined their asks and requests. That did include a request to bring forward a component of funding in Queensland.

Senator WATT: What about South Australia?

Ms Dacey: In South Australia, we've got written advice.

Senator WATT: Department to department, or was it minister to minister?

Mr Yeaman: Minister to minister.

Senator WATT: Can you table the correspondence that has been received, then, for both Queensland and South Australia?

Mr Yeaman: I need some time to check what else is in the letters and what is covered by it. In principle, yes.

Senator WATT: So they are the only two states that have responded in writing at this point?

Ms Dacey: I have a list here. Some letters were back to the Prime Minister. Some were back to the Deputy Prime Minister. I'm just making sure that I don't inadvertently answer on behalf of Prime Minister and Cabinet. South Australia we've already talked about. It looks like we've got a letter for New South Wales.

Senator WATT: Sorry, that was South Australia or New South Wales?
Ms Dacey: New South Wales.

Senator WATT: Is that to the PM or to the minister?

Ms Dacey: To the Deputy Prime Minister. Queensland we've already talked about. I just need to check. It looks like there's a letter from Victoria. It looks like there's a letter to the Deputy Prime Minister from Western Australia. It looks like there's a letter from the Northern Territory, although it's a bit more dated than some of the more contemporary conversations we've been talking about here. I don't have anything, I think, from the ACT. I want to check with the Deputy Prime Minister. And not the Deputy Prime Minister from Tasmania. I think they are the ones that are in other portfolios.

Mr Yeaman: I will pick up Ms Dacey's point. Some of these letters were at a point in time or in the context of a particular discussion. There are other discussions occurring at the bureaucratic level in the normal way which see other things brought forward or actually some of these things subsequently not requested by the states. So there is an ongoing live conversation around that as well.

Senator WATT: In each of those letters, though, that has been received, they nominate projects to be brought forward or that the states would like to see brought forward?

Ms Dacey: They cover a range of issues. Some of them have specific projects. Some of them say, 'We're prepared and ready, willing and able,' and let officials go and have the next round of conversations. So they're kind of a mix.

Senator WATT: I'm just wondering why the Treasurer says that it's only Queensland that has responded to the Prime Minister's letter when in fact it sounds like almost every state has written.

Ms Dacey: That was Friday about a week and a half ago. At that time, I think it was about the response to the Prime Minister's letter. So the Deputy Prime Minister wrote out after the budget and said, 'Here are the outcomes of the budget.' The Prime Minister's letter was a separate piece of correspondence. As of that date, which, as I recall, was 11 October, there had only been one response from Queensland. I think there have been some since, but I think you should check that with the Prime Minister and Cabinet.

Senator WATT: We will ask you to table each of those letters.

Ms Dacey: We'll do what we can.

Senator WATT: Can you give us some examples of projects that have now been suggested to the government for fast-tracking?

Ms Dacey: I think I would be more comfortable if we could just review the letters because I don't have that level of specificity here on the table in front of me.

Senator WATT: I'm comfortable with that as long as we're not going to have to wait. We would be quite interested to know about some of these projects. Do you reckon we can get them today, once you've had a look at the letters? I understand there might be bits you need to redact.

Mr Yeaman: We just need to review them. If I can, I will give you an interim response. I will highlight a couple. I mentioned that on 4 September the Prime Minister made a joint announcement with Premier Andrews to provide an additional $367.5 million to accelerate the stage 2 Monash Freeway upgrade. That was one requested by the Victorian government
and responded to. There has been a discussion in South Australia about accelerating a rural roads package and the Port Augusta to Perth Roads of Strategic Importance corridor. There's a project in Queensland—the Cooroy to Curra section D project—which was also accelerated at the time. That is a subsection of some of the projects that have been in discussion. There are many others that are flying through the process.

Senator WATT: I think The Sydney Morning Herald had a list of New South Wales projects that their government said had been requested. Did you see that article?

Mr Yeaman: I've seen articles like that. I don't have it in my mind.

Senator WATT: But you're saying that there has been something a bit more formal than a media article that nominates projects in New South Wales?

Mr Yeaman: That's my understanding, yes.

Ms Dacey: You would have to refresh my memory a bit. I don't recall the article being what government said. Was it a broader commentary? Is this from last week?

Senator WATT: No. I think the one I'm talking about was 4 October.

Mr Yeaman: In the context of the budget reply letters, I'm aware that New South Wales—and I don't have the precise date in front of me—have written back in response to the Deputy Prime Minister's budget night letter. That included their view on the existing projects that the Commonwealth had asked for joint funding arrangements with for the states. I believe it also included a number of other suggestions about how other money could be used to accelerate projects or how additional funding could be provided. So that is in the context of our budget night letter reply.

Ms Dacey: I will give you that date. The date of that letter was 2 September.

CHAIR: Do you want to table that article?

Senator WATT: I'm happy to get a copy brought up and table it. I don't think I have it with me.

Senator McKenzie: Just give the title and the date. We should be able to search it on online and print it off for you.

Senator WATT: I think I'm talking about one on 4 October in The Sydney Morning Herald.

Senator McKenzie: Thank you

Senator WATT: If I'm not correct in that, I'm sure someone will let me know. As these responses are coming through from the states, what process is being put in place to follow up on those responses?

Mr Yeaman: They go into our standard budget MYEFO process. We have state teams in our department who engage closely with the states on a day-to-day basis. What they'll do for each of those requests is they'll talk to the state to try to understand what can be delivered. As I said, part of our priority as a Commonwealth bureaucracy is to make sure that if a state asks us to bring forward a project, that project is genuinely able to be brought forward in that way and that the milestones will be able to be met. There is obviously a concern if we provide additional funding and then at a later date those milestones slip. We have to make a subsequent move and move the funding back out again. So we do a bit of work with the states
to try to understand what can be delivered in the time frame. It then goes into the broader MYEFO process and is considered alongside all the other asks—the broader fiscal environment—and a decision is taken by government on which proposals to support.

Senator WATT: The Treasurer said on Friday that he's prepared to, and I quote: … consider on a case-by-case basis states putting forward projects that can be brought forward.

I am keen to understand what the process is behind this case-by-case evaluation.

Mr Yeaman: As with the Monash Freeway, if the state government came to us and said, 'We can start a project within a month or within the next six to eight weeks if we had certainty on funding,' we would accelerate that. If that information came to us, we would certainly raise it with our minister. It is a matter for government whether they choose to take an immediate decision to fund that project and allow that project to proceed. We are now quite close to the MYEFO process. If it is a case of bringing most of these projects forward six months or from 2022 to 2021, our advice has been to consider them as a bundle in the MYEFO process. If there is a need to address them on a case-by-case basis, we would provide that advice to our ministers.

Senator WATT: Has the government sought any advice on bringing forward infrastructure spending in consultation with local government—for example, on road maintenance?

Mr Yeaman: I believe formally, no. We are engaged both at the state level and at the local council level as well. There has been a substantial increase in funding under many of our smaller subprograms, which is primarily to support the council. So the Black Spot Program and Roads to Recovery program target particularly road safety. Our priority has been to ensure that the additional level of funding that has already been provided can be delivered, and in a timely fashion. But, certainly, in our conversations with the local councils we have made clear that our focus is delivery, and they are open to providing us with those asks. There hasn't been a formal letters process out to local councils.

Senator WATT: One of the reasons I'm asking is that I noticed some comments from the Reserve Bank governor a couple of weeks ago. He made the point that, particularly in regional areas, there is still capacity to deliver regional infrastructure projects and maintenance. But from what you're saying, there hasn't been a specific request from government for advice around maintenance being brought forwards?

Mr Yeaman: We've provided advice to government around the delivery of the program and how it could be accelerated if that were the wish of the government.

Senator WATT: When you say 'the program', you're talking about big projects around government?

Mr Yeaman: An entire program. How could the infrastructure program that we roll out, including large- and small-scale projects, be accelerated if that was what government chose to do and economic circumstances dictate it? I think in the broad you're right; there is generally more capacity to do smaller-scale projects, whether they are in regional areas, local council areas or even urban areas. The smaller-scale projects typically can be delivered more quickly on the ground and deliver those local benefits. As I said, there's been already a very substantial increase in the number of programs we provide to local councils. Our priority at this stage has been to see that the additional funding is delivered in a timely way.
Senator McMAHON: The federal government committed to provide 80 per cent of funding to upgrades and the development of the beef roads in the Northern Territory, with the Northern Territory committing the other 20 per cent. There has been some concern that it is taking longer than it maybe could have to get the work done on these roads. What has been the response from the Northern Territory government in relation to beef roads?

Mr Yeaman: I might get Ms Rosengren to answer that.

Ms Rosengren: We are almost near the end of rolling out the beef roads and northern Australia roads package. We have seven projects outstanding, which are nearing completion. That will be the end of that program. It will finish this financial year.

Senator McMAHON: So that will be completed by the end of this financial year?

Ms Rosengren: Yes.

Senator McMAHON: Thank you. The upgrade to the Plenty Highway project is also at a close, or coming to a close. The onshore gas industry is finally rolling out in the Northern Territory. Has there been any planning to develop or upgrade additional roads to deal with the additional heavy vehicle traffic?

Ms Rosengren: We've had very preliminary discussions with the Northern Territory transport department to highlight this, but nothing significant.

Mr Yeaman: In our discussions with our counterparts, they've indicated that it's a high-priority area for them for consideration. We expect that they will provide us with some further ideas and thoughts about possible investments. We've had that discussion.

Senator McMAHON: So you would say it is not a priority?

Mr Yeaman: It is a high priority for them. They are well aware of it. But they are still in the stage of working out what that will look like for them. They've told us that we should expect to see some initiatives and priorities coming forward. But we haven't received them yet.

Senator ANTIC: We know that the coalition government is investing a record $100 billion worth of funds in the next 10 years in these projects. From a South Australian point of view, I'm interested in hearing an update in relation to which major projects have been proposed and are underway in South Australia at the moment.

Ms Rosengren: We've got a series of projects underway. Obviously, there are eight projects under the Rural Roads Package, where planning is underway. We've got some scheduled to commence early in 2020, including on Bratten Bridge and Kroemer's Crossing roundabout. We have also been funding a series of work along the north-south corridor projects. Regency Road and Pym Street, for which the Australian government has put in $177 million, is on track to be completed in 2020. The Northern Connector is due to be completed later this year. Again, the Australian government is putting in $108 million towards that project. Flinders Link commenced work in June this year. There's also work on the Darlington upgrade, which is expected to be completed in the middle of next year.

Senator ANTIC: Thank you. I want to ask specifically about the Adelaide City Deal, which is a big deal in terms of South Australia, particularly in relation to some of the projects underway at lot 14 on the Old Royal Adelaide Hospital site. Can you give us an idea of where that project is up to and some of the likely benefits?
Mr Yeaman: We have information that the Cities Division is due to appear a little later today. They have detailed information on the status of all those city deals. So if you're happy, those witnesses will be here and that session will be a better place to answer.

Senator ANTIC: Sure.

CHAIR: Do you have another question for Senator Brockman?

Senator ANTIC: Yes, I do. Senator Brockman was here earlier today. Unfortunately, he wasn't able to stick around. He has asked me to ask a couple of questions in relation to Western Australia. Firstly, what are the expected construction commencement and completion dates for each MetroNet line?

Senator STERLE: And I have some more questions for you.

Ms Dacey: I can start giving you some of that information, if it would help. MetroNet is a series of works that are underway. The Forestfield airport link is under construction; it started in November 2016. Completion is expected in late 2021. The Yanchep Rail Extension is in procurement stage. The Alliance contract award is expected later this year, with construction to commence early in 2020. The Thornlie to Cockburn link is in the procurement stage. Again, we are expecting to award a contract later this year and to commence construction in early 2020. The Denny Avenue level-crossing removal is at the procurement stage. Construction is from late this year to early 2020. The Bellevue Depot Relocation is in the procurement stage. Again, we are expecting to award a contract later this year. The Morley-Ellenbrook Line is in planning stages 2 and 3. The business cases are due to be completed and submitted later this year. The Byford Extension is in preliminary planning, with a final business case expected late next year. The Midland Station Project is in preliminary planning, with a final business case expected late next year. The Lakeland station business case has been completed. We are working on getting a final copy. Lakeland station is in planning, so obviously the planning will look at a business case. Business case development is underway and further projects are to be determined between the two governments.

Senator ANTIC: I have one more question. This might be better asked of Infrastructure Australia directly in that section, though. I might hold off on that; I think these will be better placed there.

Senator RENNICK: The federal coalition government has set aside $800 million to build the Gympie bypass. Has the Queensland state government indicated when they can put their $200 million on the table to get that up and going and start working on it? Could you give an overall update of how the upgrade from the Bruce Highway is going? I would appreciate it.

Ms Rosengren: I can start with a summary of some of the progress on the Bruce Highway. Obviously, it is $10 billion over the 15 years. As at the end of June this year, we completed 323 projects of that work, which is about 42 per cent of the work. That included 51 new bridges, 27 new rest stops and 128 kilometres of safer roads.

Senator RENNICK: Wow!

Ms Rosengren: We've got major works underway on the Haughton River Floodplain, which commenced in April.

Senator RENNICK: Where is that?
Ms Rosengren: The Haughton River Floodplain is just outside Townsville. Work is also underway on the divergent diamond intersection on the Caloundra and Sunshine Motorway. Other highlights are the Mackay ring road. We've now completed all the bridges and overpass foundations for that work.

Senator RENNICK: Sure. With the Gympie bypass, have we got a proposal report from the Queensland state Labor government on that?

Ms Rosengren: I will have to take that on notice and get back to you to see whether it's part of our list.

Senator WATT: I will finish off this bit about the fast-tracking projects. By the way, the example Mr Yeaman gave us was the Monash Highway. What was the original start date for that project?

Mr Yeaman: I might be able to dig that out. I don't have it in front of me right now.

Senator WATT: My understanding is that the new start date as a result of these discussions is actually a few months later than the original start date. If that is the case, I am wondering how that's a fast-tracking of the project.

Mr Yeaman: It was certainly the case that the Victorian government's approach to the Commonwealth was that if funding was made available, they could accelerate their current program and deliver the project more quickly. I don't have in front of me the original planning dates for that project. We can try to dig that out. As you know, these projects timelines do move around. But the clear advice from the Victorian government was that it could be done faster if the money were available.

Senator WATT: Where we got to was that most states have now given some indication of projects they'd like to see brought forward, some formally and some a bit more informally. Have we got to a point of deciding which projects will be brought forward?

Mr Yeaman: That will be decided and settled in the MYEFO process. So all that information will become available. As I said, it's a discussion for government on how they balance the priorities.

Senator WATT: So we need to wait for MYEFO to find that out?

Mr Yeaman: Correct.

Senator WATT: And how likely is it that any projects will be brought forward for this financial year?

Mr Yeaman: I think it is likely that projects will be brought forward this financial year. Certainly state governments are still in some cases doing some of their own internal work to understand their planning horizons. Clearly, this financial year is halfway through or getting close to halfway through, so there will be less available to be produced in that time. My sense is that there will be ones that will be brought forward to that timeframe.

Senator WATT: So they are projects that currently have funding allocated to them to start beyond this financial year that actually could start this financial year?

Mr Yeaman: Potentially, yes.

Senator WATT: You don't know? There has been no decision about any of those projects at this point?
Mr Yeaman: All of those decisions need to be weighed against each other in the MYEFO process.

Senator WATT: A media report quoted the Treasurer on 11 October. This is a quote from the article:

In total—

the Treasurer—
said the commonwealth and states were working to progress 130 land transport projects currently under construction, 140 that were in planning and 300 that had been announced in the past six months.

Could we get you to table a list of those projects, please?

Mr Yeaman: Those projects line up essentially with the 600-odd I referred to earlier. So it is the table I provided to you that contained the 360 projects we have given you and the 260 we haven't given you. I have not done the math in my head. Essentially, that is the same bundle of major projects and all of the projects that sit within our infrastructure investment program. We have provided to you already the table which provides our best estimate of the status of those. So that's—

Senator WATT: But not every one of those projects is getting fast-tracked.

Mr Yeaman: No. Certainly not. But they are the ones that are all underway between the state and federal government. So they are all, if you like, in play. We have discrete requests for bring forward.

Senator WATT: So it would be an exaggeration to say all the 130 land transport projects, the 140 under construction and 140 in planning and the 300 that have been announced? It would be an exaggeration to say that all of them will be brought forward?

Mr Yeaman: Absolutely, yes.

Senator WATT: We've obviously only had a fairly short amount of time to look through these tables that have been produced. The government often is out there talking about its $100 billion 10-year infrastructure program. Is it possible to say in total how much of that program will be spent in each of the years in the forward estimates?

Mr Yeaman: I will answer that in a number of ways. Based on the budget numbers published, in the broad, the ratio was around, I think, $48 billion, give or take, in the first four years of the forward estimates and then for the remainder in the years after the forward estimates. You can break it down. As you know, it is constructed through a number of components, some of which are available in the budget papers and some of which are not in publication. So you can break down elements of it in the year by year estimates. I guess what I would say is that, as we've discussed, they are budget figures. All of these numbers will be recut and re-profiled in MYEFO, which is upcoming. So, in a way, any breakdown would be not an accurate reflection of the current state of play.

Senator WATT: But in this table we have received, this figure is correct as at 1 August?

Mr Yeaman: It is. But, as you will see in the table, a number of particularly election commitments have not yet been allocated a formal funding profile by government because they have not yet gone through a budget update since the election campaign. So it can't be just simply added up and constructed in that way.
Senator WATT: I could compare this new table against a table that Dr Kennedy provided, I think, at the budget estimates. I'm presuming that money has been moved around some projects. There will be a few behind schedule and some before schedule.

Mr Yeaman: Some small changes reflect recent decisions of government and where we have taken decisions. In the broad, that ratio I described of half and half, or 48 and 52, is broadly consistent with where we currently sit across the forwards. But the bulk of our re-profiling, the vast majority, is done in the MYEFO and in the budget context. That will occur in the next month.

Senator WATT: I quote an article referring to projects under construction, with some in planning et cetera. I take it that you are saying that the table effectively summarises that. It, though, doesn't talk about which projects are in construction and which are in planning. I'm trying to work out how we got to those figures.

Mr Yeaman: We can talk about some of the programs themselves. We have a congestion fund and the Roads of Strategic Importance. We can talk to some extent about what share of those projects are in those categories. As I said, the difference between planning, early works and discussions with the states is quite a blurred line for us. We have the same request from our ministers regularly. It is difficult to break down precisely those categories. But we can do our best to provide you with an indication program by program or on a project by project basis where we have detail.

Senator WATT: If you could, that would be great. I realise you'll have to work on that one.

Mr Yeaman: Yes.

Senator WATT: My next question is probably about the Urban Congestion Fund. I'm happy to give someone else a go, if you like.

CHAIR: Thank you.

Senator DAVEY: You might be starting from scratch here. Forgive me for asking basics. As a general question, how is funding across infrastructure investment split between the states and the federal government? I have some state specific questions.

Mr Caruso: So the general approach is that, for the projects the Commonwealth is involved in, the Commonwealth funds a 50 per cent share in urban areas and an 80 per cent share in regional areas. In addition to projects that the Commonwealth funds, there are projects which are funded solely by the states.

Senator DAVEY: How does our investment ensure that there is a portion of local procurement?

Mr McClure: There are a few different mechanisms. Predominantly, through the national partnership agreement that has recently been renegotiated and commenced on 1 July, there are requirements that states and territories develop local industry participation plans for projects receiving Australian government funding of $20 million or greater. Basically, they demonstrate how they are going to go about engaging with Australian owned contractors in those projects. There's no actual mandate, but it's a requirement. Basically, when you go into that amount, you're usually looking at smaller local contractors anyway.

Senator DAVEY: That is very good to hear.
Mr McClure: On top of that, the new national partnership agreement introduced an Indigenous participation framework that requires that states and territories bring forward Indigenous targets for projects where the Commonwealth is putting in $7½ million or more. So there's both requirements around local and Indigenous.

Senator DAVEY: So local jobs and Indigenous jobs. That's good for a coalition government, isn't it? Just quickly, I have specific questions on New South Wales. I believe that there are co-funded projects happening at the moment. Can you give me a breakdown of how many projects are underway in New South Wales?

Dr Holm: There are a number of projects—in fact, 132 projects—that are underway in New South Wales at the moment. Thirty-three of those we would classify as major projects. They are ones where the Australian government has committed $50 million or more to the project. There are 99 minor projects where the Australian government commitment is less than $50 million. As was mentioned before, some of them would be on an 80 to 20 split if they are in regional areas. Some of them would be on a fifty-fifty split if they are in urban areas.

Senator DAVEY: And how many are underway in planning and preconstruction? You say the 132 are underway. Is construction occurring now, or are they in the pipeline?

Dr Holm: There is a mix of projects that we would classify as being underway, so it is, in fact, planning as well as construction. I will perhaps come back to you on the actual breakout of those projects.

Senator DAVEY: That would be handy. I have the fortune of living right next to the border. I will move to the next side of the border. I understand that some $440 million was allocated to complete the Murray Basin Rail Project in Victoria. Is that correct? How much of that project has been completed?

Mr McClure: The Commonwealth is putting in $240 million towards the Murray Basin rail upgrade. The first two stages of those works has now been completed. The Victorian government is currently working towards the proposal for stages 3 and 4 of that work. Stage 1 was completed in September 2016, which concentrated on the Mildura line and reopened the Maryborough and Ararat lines. Stage 2 is currently just being finished. As I said, there are plans for stages 3 and 4, which we expect to kick off next year.

Senator DAVEY: So what has caused delays with the project? I understand there are a few issues.

Mr McClure: In particular in stage 2, there was unfortunately an issue with the contractor that was awarded that work—the McConnell Dowell Martinus Rail Joint Venture. Unfortunately, the Victorian government actually had to take back responsibility for the stage 2 works when the contractor was unable to meet the requirements under the contract. So that did mean that there was a delay in those stage 2 works. But now they are back operating. So that did delay the works a little.

Senator DAVEY: So who was responsible for the procurement of that contract?

Mr McClure: The Victorian government is responsible for the procurement.

Senator DAVEY: You indicated that it's back on track now. Is it true that railway iron date stamped 1913 has been used on the track?
Mr McClure: Well, there is track still in use that dates back to those times, yes.

Senator DAVEY: So it is not newly constructed track? This is existing track with that date stamp?

Mr McClure: No. A lot of the work was in maintaining the track. It was replacing sleepers and upgrading and maintaining the track. A lot of the actual metal lines were still functional. It was more about the sleepers. They weren't replaced with lines from that period. They left lines of that period still operating.

Senator DAVEY: That's quite fascinating considering the cost. How much is it going to cost to finish the project? We put in $240 million. I understand the time lines have blown out a bit. How much is it going to cost us to complete this project?

Mr McClure: As you said, there is $440 million in total committed between $240 million Commonwealth and $200 million Victorian. That commitment was to upgrade the priority areas along the Murray Basin various lines. It's not that it was envisaged that every length of that line would be upgraded. It's just the priority areas. That work was originally going to be finished late this financial year. As I say, we are revisiting the stage 3 and 4 works.

Senator STERLE: The actual material they are using is 1920.

Mr McClure: It is 1920, yes. As I said, there has been some updating of the planning towards the next stages of the work. Victorian officials have been out inspecting some of the areas of track a bit more closely. We are expecting to get an updated proposal in the next month or so to give us an idea of how they expect to target the remainder of the works.

Senator DAVEY: We as a government are getting pressure to bring forward infrastructure projects that are actually underway and we have money ready for. Due to state procurement issues and other unforeseen issues at that level, projects that we're already funding are being pushed out?

Mr McClure: I guess it is the nature of major infrastructure projects that they can be delayed for various reasons. In this case, as I said, there were some contractor issues. Once some more detailed analysis of the lines was undertaken, there needed to be a bit of a refresh of the proposal. In the main, yes, there are times when projects don't get completed as they expected initially.

Mr Yeaman: In relation to the project you're referring to, we're certainly aware of both the delays that Mr McClure talked about around procurement and some community concern from users of the line that when the upgrades have occurred, the quality of that work or the outcome from that work has probably initially not been to the level that we would have hoped.

Senator DAVEY: Well, certainly I've heard reports from my area that it's now slower than it was before the upgrade.

Mr Yeaman: I think the Victorian government has acknowledged that that work to date has not delivered the outcomes we would have liked to have seen. We're now pushing them very hard to make sure that we get better outcomes for the additional Commonwealth spend. That work is underway now. But it is certainly the case that that project has not gone as smoothly as we would have liked.
Senator DAVEY: So how can we, as a Commonwealth government, quarantine ourselves or ensure that future projects are not subject to the same risk factors? How can we ensure that our funding is spent adequately and we get projects that are delivered to the status and level we are expecting?

Mr Yeaman: Ultimately, there's always going to be a degree of reliance on the state government and the local governments. They are ultimately, in most cases, the government level that delivers the projects and procures the projects. We rely very heavily on the information they provide us to set the milestone payments we manage our funding to. We have been doing more over the years, and continue to do more, to try to, particularly for the larger scale projects and what we see as high risk projects, understand better the procurement processes they are going through and stay closer to the project so that we can at least be aware of anything that's going off track early. So we are monitoring more closely. We are tracking that more closely. We continue to pressure the states. Ultimately, we are dependent on them to some extent for what is delivered.

Senator DAVEY: I have no further questions.

Senator WATT: I have some questions about the Urban Congestion Fund. Can you confirm this to start with? The Urban Congestion Fund was established in the federal budget in May 2018. That's correct?

Mr Caruso: Correct.

Senator WATT: What was the value of the investment at that time?

Mr Caruso: It was $1 billion.

Senator WATT: What projects were included in that $1 billion investment?

Mr Caruso: To the best of my recollection, there were no projects announced in the 2018 budget, but I'll double-check that.

Senator WATT: So at the time of the announcement in 2018, there was the creation of a fund with $1 billion but no projects listed against that fund?

Mr Caruso: Correct.

Senator WATT: Has there since been a list of projects developed?

Ms Dacey: Yes, there has. The vast majority.

Senator WATT: In this one?

Ms Dacey: Yes. They are in the sheet for you. They are in the budget this year and during the election.

Senator WATT: Sure. I will start with the first $1 billion, though. This new table you received—

Mr Yeaman: We haven't broken down the $1 billion and the subsequent additional funding. In essence, $1 billion was put on the table initially as a new program. There were some guidelines to be developed to explain and work with the states on how those projects could be identified. We've been through with the committee, I think at the last Senate estimates and maybe the one before, a process to brief government on how projects were selected. The government took a decision then to increase the size of the fund subsequently.
We don't split the projects that allocated to the original $1 billion versus the rest because, to us, they are all part of the same fund.

Senator WATT: Okay. It was April this year in the 2019 budget that a further $3 billion was added to the fund. That's correct?

Mr Caruso: Correct.

Senator WATT: Roughly a year or 11 months had elapsed from when the Urban Congestion Fund was first created in last year's budget and when it was topped up in this year's budget. Were any projects actually announced or commenced in that 11-month period?

Mr Caruso: A series of projects was announced by the government in the first part of 2019.

Senator WATT: Before the extra $3 billion was—

Mr Caruso: Correct.

Senator WATT: Can we start with those. Out of this big list that we've been given today, is it possible to tell us which projects were announced prior to the—

Mr Caruso: I may have misspoken. While we don't track the different buckets, we do have, I think, in the table announcement dates for projects. It's in the broad. We've just simply done budget or MYEFOs or where we have specific dates outside that. So the table you have should have announcement dates for each.

Senator STERLE: Do you have something separate that just goes to the Urban Congestion Fund? I have these, but, trust me, it's hard. Rather than going through 12 pages of A78 or whatever size this is—

Senator WATT: That is kind of why I was asking before if we could get an electronic version—so we can sort them to just focus on the Urban Congestion Fund or whatever program we're talking about.

Mr Yeaman: One of our colleagues may be able to mark up quickly the relevant ones. We can read them out shortly if that is possible. We don't have a separate bit of paper that breaks it down.

Senator WATT: While we're doing this, maybe one of your colleagues could work out which ones in this table were—

Mr Yeaman: Early 2019 announcements?

Senator WATT: Yes. I take it we're talking there about the section under the heading 'Commitment'. If it's—

Mr Yeaman: Correct.

Senator WATT: the budget, it would be budget 2018, if they were announced out of that first $1 billion?

Mr Yeaman: There are some other dates in here that relate to timing of projects that are not budget specific.

Senator WATT: While we're doing this, could someone work out which of the projects were effectively announced out of that first $1 billion?

Mr Yeaman: Yes.
Senator WATT: Do you know whether all of that $1 billion was allocated to individual projects in early 2019?

Mr Yeaman: I don't. I'd have to take that on notice.

Senator WATT: Shall we call them round 1 projects, just for simplicity? I know it's not. Of those round 1 Urban Congestion Fund projects, how many of those projects are now underway?

Ms Dacey: We have treated the Urban Congestion Fund as a whole. So we've got some top-line stats for you not necessarily split by things that were announced before the budget this year, in the budget this year and in the election. I suspect anything that you're going to ask with that particular lens we're going to have to take on notice because we haven't done that internal split.

Senator WATT: Be it round 1 or round 2, any projects from the Urban Congestion Fund now underway?

Ms Dacey: The answer is yes.

Senator WATT: So there are shovels in the ground and excavation occurring?

Ms Dacey: Yes.

Senator WATT: Which ones?

Ms Dacey: One construction, in the sense of a high viz vest and a digger, is underway in Western Australia. It is called the Broadway upgrade. In a couple of other projects—this goes back to some of the conversation we were having before—land acquisition is underway. We would consider that to have been commenced. You're going and acquiring land to get the project to happen. Because these projects are in congested urban areas, quite often land acquisition is the first part of the process that we go to. Without splitting hairs about definitions, we consider if land acquisition is underway, that it's happening relatively.

Senator WATT: I take the point about land acquisition. There might be planning work happening and other things like that. If we're out there looking to see a project that has commenced, we should be looking at this one in WA, the Broadway upgrade?

Ms Dacey: That is the first one. There are a couple that aren't very far away that other colleagues can give you further detail on.

Senator WATT: But as we stand today, there's one that is underway in the sense of digging and work actually happening—Broadway in Perth? Forgive my ignorance. I'm not a WA specialist.

Ms Rosengren: It's in Ellenbrook, which is one of the northern suburbs of Perth.

Senator WATT: When is that due to be completed?

Ms Rosengren: That is a rolling program. Stage 1 has been completed. Stage 2 is now underway. So we would be expecting that to finish up at the end of next calendar year.

Senator WATT: The end of 2020?

Ms Rosengren: Yes.

Senator WATT: That's when it will be completed in the sense that people can drive on it and use it?
Ms Rosengren: It's a staged project, so there's different works going along in the path.

Mr Yeaman: We would say that the first stage of that project has been completed and finished. There is a second stage that follows and it will be completed in 2020.

Senator WATT: But it's not until the second stage is completed that people can actually use the road?

Mr Yeaman: I think the benefits of the first stage flow.

Senator WATT: Has it been widened or something like that?

Ms Rosengren: Yes. There's the intersection work going along there as well.

Senator WATT: It has been nearly 18 months since this Urban Congestion Fund was created. We've now got one project where work has commenced.

Ms Dacey: Going back to where I started my answer, if the strict definition that we are applying is that there is a tractor on the road, then I guess you could get to that. We would argue that for a number of the projects—bear in mind that most of them weren't announced until the budget this year and later and that they are in congested areas—significant planning is underway. We're expecting project proposal reports for a number of them. In the last six months, all of that preparatory work and consideration about how it fits with other bits of urban building has been going on. We consider that significant progress has been made on that kind of front end that doesn't involve a tractor on the ground.

Mr Yeaman: Particularly on these smaller scale projects, as you would know, Senator, the front end planning, as Ms Dacey said, particularly in congested areas, can be quite significant. Many of these projects intersect with other state government projects or local government projects that were already planned to some extent. The construction aspect can often occur quite quickly once the project begins.

Ms Dacey: I'll give you a couple of examples. Again in WA, a tender is going out later this month for another one of the UCF, or urban congestion fund, projects. For another one in WA, the design of the project is 95 per cent complete. Service relocations will commence by the end of the year. Another one is community consultation is completed and the concept design has been done.

For another one in Queensland, two upgrade options were released for community feedback. In another one in Queensland, the concept plan has been developed. It just depends on your definition of where you're up to.

Senator STERLE: Because of the confusion here, the Broadway upgrade and the Ellenbrook and the Broadway at the promenade intersection upgrade at Ellenbrook clearly says Urban Congestion Fund. Both are from election fund 2019. It says total project cost TBC for both. Total Australian government funding on the first part is $3.1 million. Total Australian government funding on the second is half a million. It says the Australian government share per cent of capped amounts is fifty-fifty, but then there are no other figures there at all. There's nothing.

Mr Yeaman: As I indicated at the start, Senator Sterle, where an election commitment has been made and the government has made an overall commitment, the funding splits have not yet been agreed formally by government. Essentially, they allocated a commitment, a bucket of money, to support an upgrade to a particular area.

Senator STERLE: I see.
Mr Yeaman: We're in discussions with the states about how that money can be best profiled to suit the project. That gets ticked off in the MYEFO process in the normal way. Until we have a formal decision of government to agree a profile, we haven't been able to put it into the table.

Senator STERLE: So we should just scrub out the 50 where it says Australian government share per cent of capped amount is 50?

Mr Yeaman: The intention on that project is that we will have a fifty-fifty split. That money is on the table on the basis that it will be matched fifty-fifty from the state government.

Senator STERLE: Okay.

Mr Yeaman: I haven't yet got an allocation of how that money will flow across the forward estimates until it's agreed by government.

Senator STERLE: But does that allow the state government to say, 'We don't agree and we won't put anything in?'

Mr Yeaman: We're having discussions again very regularly with the state governments, as are ministers, around securing their joint funding for all these projects. Mostly, the states have across the board agreed to match the Commonwealth funding. There are a few that we're still in discussions with them on. But those conversations are occurring all the time.

Senator STERLE: Sorry to take so long. I have to apologise. It's not my part of the world. It's miles north of me. There has been a $3.1 million federal spend on the first part of that Broadway upgrade at Ellenbrook?

Ms Dacey: The only other thing I would add is, particularly on some of the Urban Congestion Fund road projects, sometimes the Urban Congestion Fund project is slotting into an existing program of work.

Senator STERLE: An extension or something, is it?

Ms Dacey: Yes. You know what I mean?

Senator STERLE: Yes.

Ms Dacey: In our negotiations with the states and territories, we are talking about what would make sense in terms of an additional investment to deliver you some sort of benefit. So with that $3.1 million—and I'll have to defer; my colleague can answer you whether we need to take it on notice for you—it is what category that fits into.

Mr Yeaman: We may be talking at cross-purposes. I may have misunderstood your question. The Australian government funding has the funding commitment overall to that corridor or that project.

Senator STERLE: The whole lot?

Mr Yeaman: It's not the money that has so far gone out the door. It is the projected spend across.

Senator STERLE: There is some work you've done yourself?

Mr Yeaman: But on that one, as my colleague Ms Rosengren said, the first stage of that project is complete. The second stage is underway.

Senator STERLE: Sorry to labour on this. The government money from the election commitment has been spent on that first part?
Ms Rosengren: No. Our contribution is to the second stage. Stage 1 has been completed. It is part of an ongoing work. We are contributing to stage 2, which is underway.

Senator STERLE: Well, I've got two projects announced.

Ms Rosengren: The intersection is a separate project. It is a discrete project. This is intersection work and there is duplication work. It is the same road, but it is a massively growing area so there are two parts to the work. Obviously we will be sequencing them to make sure that works.

Senator STERLE: What was the terminology you used—your fluoro vest and shovel? They are already there but from other work?

Ms Dacey: That's right. When you've got your big urban roads—

Senator STERLE: This is not this fund yet kicked in?

Ms Dacey: That's right.

Senator STERLE: Thank you very much. That clears it for me.

Senator WATT: I'm glad that Senator Sterle has drawn my attention to that. You were talking about stage 1 and stage 2. On this table you've given us, it's split into two different projects. There's the Broadway upgrade and then there is the Broadway-Promenade intersection upgrade?

Senator STERLE: And there's another one on top.

Senator WATT: Right.

Ms Rosengren: The first one, the Broadway upgrade, has two stages. Stage 1 has been complete. Stage 2 is a continuation of the duplication.

Senator WATT: If we're wanting to work out all of this $1 billion that was announced in May 2018 and which projects are underway, we're looking at the Broadway upgrade?

Ms Rosengren: That's correct.

Senator WATT: And the total Australian government contribution there is $3.1 million?

Ms Rosengren: Yes.

Senator WATT: So 18 months after the creation of this fund, we've got one project that the Australian government is chipping in the princely sum of $3 million for?

Ms Spence: As Ms Dacey explained, it depends what you define as your starting point. A lot of work has been going on over the last 18 months. I think to say that there is just one that is underway doesn't accurately reflect all the work that has gone into all the projects that have been funded.

Senator WATT: I appreciate that the department is doing its job and you're doing everything you can. Minister, this fund was all about combating congestion. In the 18 months after the government put out a big media release about busting congestion, we've got one project where your government is spending $3 million of the $1 billion and it hasn't even been completed yet. Don't you think people would be a bit disappointed by that?

Senator McKenzie: I think people understand that these things take time to get—

Senator WATT: Clearly a lot of time.
Senator McKenzie: To get it right—get the planning right, the environmental approvals right, to hire the correct, skilled workforce et cetera and have the partnerships with state and local government. So obviously we want to get this done as quickly as possible so that people can get home to family safer and sooner.

Mr Yeaman: I might add a few extra pieces of information. For one thing, as we discussed, the projects themselves were first announced in early 2019. The intention of the fund announcement in the budget was to set up the fund. Then we went through a process to establish the criteria by which the fund would operate, provide advice to government and so on. So in the 18 months, obviously, in that first period, projects were not allocated. Another thing as context for the committee is that, of course, the nature of our role in programs is that we have new commitments and then we have existing commitments rolling out. Some of my colleagues have referred to some of the projects that are underway now or near completion in the broader program. One of the things that we've been getting from the state governments is they equally have their own very large programs as well. So we've been going through a process with the states to ensure that the current program is delivered as efficiently as possible and as quickly as possible in. In the meantime, the conversation with the state has been, 'How can we work these new projects in your schedule?', particularly in the eastern seaboard across Queensland, Victoria and New South Wales. As you referred to earlier, we've got a lot of activity in our markets and we're hitting some capacity constraints as well. So for the state government to have large programs, part of the conversation has been how we can work these into our program and divert resources to them. That phase is very much, I think, nearing completion. We would expect to see, over the next 12 to 18 months, many of these projects moving to the construction phase as those other projects start to roll off.

Ms Dacey: I have one final point to add. Because they are in a congestion fund, we talk in general terms about small urban projects. Some of them are quite large and some of them are much smaller in terms of the dollars. Depending on where the project sits on that spectrum, once all of this preparatory work is over, delivery can be quite quick. It is depending on what it is that you are particularly developing and where it fits into that schedule. So, in some ways, this part of the process might well be the largest part of the process. Once you have your shovel ready, it's actually reasonably quick to deliver.

Mr Yeaman: To give you some comfort, these are aggregate figures and they are moving all the time, as I said. At this stage, we can identify around 21 projects that we think have the potential to start construction in this financial year—so within the next six to eight months—and a further 38 that are expected to commence construction in the year after. There are still some obviously in discussion. Those numbers could grow as we have those discussions with the states. For example, in Victoria, we're expecting to receive project proposal reports for all of the projects on the program this calendar year, which will then allow those projects to quickly move to delivery.

Senator Davey: Is this a bit of a case of damned if you do, damned if you don't? Right now we have the New South Wales state government, which has proposed to put in legislation and regulation through their parliament to be able to fast-track projects, particularly in the regions, which is not necessarily related to the congestion busting fund. We've got to go through the process. The New South Wales government is getting slammed for doing that and yet it will fast-track projects to get money rolling on the ground. So on the one hand, Senator
Watts is saying that we need to get the money rolling and get the projects constructed really quick, but we have to follow these processes. Otherwise we're actually contradicting what people are hammering us for. Is that the case?

Mr Yeaman: Certainly it is. One of the things we've observed in this process and discussed inside the department is that while many of these projects are small in scale, many of them are in highly congested areas where there are houses, schools, services and communities. So in many ways, while you may say this is only a $10 million project—this is not a WestConnex or a NorthConnex—many of the engineering design and community issues that you are describing can be just as difficult or just as pointed. So it is important to avoid some of the issues that we discussed earlier around the Murray Basin rail project. We had the planning right upfront, and the state government certainly sent that message to us as well.

Senator DAVEY: And who is responsible for the very delicate areas where consultation needs to be undertaken with the communities, landholders and schools? Who is responsible for making sure that happens in a timely yet effective manner, because it is really important that you get it right?

Mr Yeaman: In the vast majority of cases, that is the state government or the local government.

Senator STERLE: Senator Davey, before you came in the room, we were of the impression that a lot of this urban congestion funding was offered up and people were ready to grab it. What we have found out is that is not the case. I'm not only using this one because you mentioned the Broadway one. I'm led to believe that is a beauty because the state government had planned to do this next and the feds have walked in and said, 'Don't worry about it, brothers and sisters, because here's the dosh now.' That's not the case at all. It is to be confirmed. As we walk through a number of the urban congestion busting fund announcements, it is the same thing—to be confirmed. We don't know if we have the agreement from the state governments to play ball and assist on that. I don't know what goes through state governments' minds. I don't even try to attempt to find out. As you could appreciate, we've got bigger problems to worry about. So it's just a bit—I won't say misleading—confusing. It sounds like this is magnificent and others are dragging their heels. But we have to go through each one and we would probably find the same story maybe.

Senator RENNICK: Well, it's not confusing to me. It seems like you've got to get the states to get the proposal to the table.

Senator STERLE: Senator Davey, before you came in the room, we were of the impression that a lot of this urban congestion funding was offered up and people were ready to grab it. What we have found out is that is not the case. I'm not only using this one because you mentioned the Broadway one. I'm led to believe that is a beauty because the state government had planned to do this next and the feds have walked in and said, 'Don't worry about it, brothers and sisters, because here's the dosh now.' That's not the case at all. It is to be confirmed. As we walk through a number of the urban congestion busting fund announcements, it is the same thing—to be confirmed. We don't know if we have the agreement from the state governments to play ball and assist on that. I don't know what goes through state governments' minds. I don't even try to attempt to find out. As you could appreciate, we've got bigger problems to worry about. So it's just a bit—I won't say misleading—confusing. It sounds like this is magnificent and others are dragging their heels. But we have to go through each one and we would probably find the same story maybe.

Senator RENNICK: Well, it's not confusing to me. It seems like you've got to get the states to get the proposal to the table.

Senator STERLE: Well, you're a whiz-kid, so you're lucky. Why don't you go that side of the table and answer the questions?

Senator RENNICK: It's not hard. You've got to work with the states.

Senator STERLE: You peanut. You can see here what we're trying to say. We see the games you play.

Senator RENNICK: I'm not playing anything.

Senator STERLE: You've got a real grumpy picture, mate. Just put a hand up your back and get you speaking. You'll go far within the party, you will.

CHAIR: Can we just move on to Senator Brown.

Senator CAROL BROWN: Which fund is the Hobart roundabout proposal out of?
Mr Yeaman: Sorry, Senator, I was distracted.

Senator CAROL BROWN: I just want to know what funded the Hobart airport roundabout.

Mr McClure: That's just part of our main structural investment program. It's not under any particular fund. It won't be in that document. The document we've handed out covers projects that have come into our program from the 2018-19 budget and onwards. The Hobart interchange project was, I think, a 2016 election commitment.

Senator CAROL BROWN: Is that completed?

Mr McClure: The actual construction of the project is scheduled to commence early next year. The tenders are in and the Tasmanian government is currently assessing those tenders and expects to award a contract in the next three to four weeks.

Senator CAROL BROWN: So 2016. In terms of the definition about diggers and high viz, it hasn't started?

Mr McClure: From the perspective of diggers and so forth, no, it hasn't started.

Senator CAROL BROWN: Did you say you awarded the tender?

Mr McClure: Where we're at right now is the Tasmanian government has been out to tender. They had tenders back from the private sector. They are assessing them. They expect to award the main construction contract in the next three weeks or so.

Senator CAROL BROWN: When is it expected to commence?

Mr McClure: That should allow the contractor to get on the ground in early 2020. So we're expecting by March that construction should be underway.

Senator CAROL BROWN: So the Tasmanian government has taken four years?

Mr McClure: It has been about three years to get to this point. When it was announced in 2016, basically the interchange had been identified as a congestion issue. Basically that's about as far as it had got—with the planning. So Tasmania basically started at that point to work out the best solution. They came up with the interchange, which has been designed. It has been originally a complex project. They've had, for instance, six fora species that were endangered, that they've had to work through the environmental approvals. There were issues around the water table and geotechnical issues, so they had to look further into that, making sure there was no subsidence on the project. To further complicate it, part of the project is actually on airport land, so it triggered some major default in the plan application process. Whilst I'm sure everybody would have liked to have started earlier, it's been a particularly complex planning and development phase. So it's not unreasonable that it's taken to this point to get where it is.

Senator CAROL BROWN: Four years?

Mr McClure: Three years to this point.

Senator CAROL BROWN: By the time you get to digging.

Mr McClure: As I said, there have been a number of aspects to the development and the design that weren't envisaged.

Senator CAROL BROWN: They are your dates, not mine. So has it increased the cost?
Mr McClure: The cost will probably be higher than what was originally envisaged, yes. We're still waiting for the Tasmanian government. They are going through the tender process now to give us a final confirmation. The original commitment from the Commonwealth of $24 million was towards a $30 million project. From what we hear informally from the Tasmanian officials, it's probably more around $50 million now.

Senator CAROL BROWN: Would that increase the federal government's contribution?

Mr McClure: That will be a decision for the federal government. It hasn't been made yet. We are just waiting for the Tasmanian government to give us that final figure. It will be a decision for the government to consider whether it will increase its contribution. It has been considered to be a priority project so it may well be the case.

Senator CAROL BROWN: The federal government's decision will have to be made shortly if we're looking for 2020.

Mr McClure: We expect we'll have that number from Tasmania in the next week and have a decision from government in the next two or three weeks.

Senator WATT: Just on the Urban Congestion Fund generally, we've talked a bit about that first $1 billion and what's happened with that. Did you have any luck, by the way, identifying the other projects?

Mr McClure: They're still—

Senator WATT: That's still there?

Mr McClure: Yes. There was some complexity with the project that wasn't originally envisaged.

Senator WATT: The federal government's decision will have to be made shortly if we're looking for 2020.

Ms Dacey: We'll try to do the split for you. I have just been talking to my people. It's highly manual for the bit before the 2019 budget, so we're just struggling to see what we can pull for you at the moment.

Senator WATT: Is it correct that all of the extra $3 billion has been allocated?

Ms Dacey: No. I don't think so.

Mr Yeaman: There's still a small amount that's unallocated. The majority has been, but there is a small amount unallocated.

Senator WATT: When you say a small amount, roughly how much?

Mr Yeaman: We will dig it out as we have the information.

Mr Caruso: There's approximately $1 billion to be allocated in the Urban Congestion Fund.

Mr Yeaman: I would note that the vast majority of that is in the period beyond the forward estimates. The funding is largely fully allocated. There is a small amount remaining
in the order of around $20 million to $30 million that is unallocated in the forward estimates. But in the period beyond the forward estimates, there is still just under $1 billion.

Senator WATT: Of the initial $1 billion, that's all been allocated. You don't really know whether—

Mr Yeaman: As I said, for us it is fungible. There's no obvious distinction.

Senator WATT: Of the $4 billion all up, there's about $1 billion that has not yet been allocated, which is beyond the forward estimates. So they are projects that won't see any funding until 2023-24 or later?

Mr Yeaman: Correct. Notwithstanding the earlier conversation about possible acceleration of the program, which could be supported.

Senator WATT: If I'm thinking about round 2, the $3 billion, none of those projects that have been announced are underway in the sense of digging and actual construction because there's only that one in WA?

Ms Dacey: That is the advice that I gave you before, yes.

Senator WATT: I know we've got some details of these projects, but I'm after a further level of detail for you to take on notice, please. Could you please provide the committee with a full list of all projects funded under the Urban Congestion Fund as of today's date, including when construction is expected to commence, when each project will be finalised, who will be delivering the project, how it was identified for inclusion in the list and any co-funding requirements.

Mr Yeaman: I would be happy to do those. As I said, it will be easier on a program by program basis for us. In terms of how the projects were identified, I think we've previously provided evidence to the committee about the selection process for projects in the Urban Congestion Fund, which were part of essentially either a cabinet process and a budget process. We described, I think to Senator Rice previously, that we've provided broad advice on urban congestion pinch points. Government took this and other information and took a decision. That will apply to all projects. Some were election commitments, which obviously are a matter for government. On that one, I think we've probably provided that information to the committee previously.

Ms Dacey: I will add a bit more. We'll do what we can on start dates because certainly we have some. But until we get the project proposal reports, I suspect you may well still see some to be confirmed in there.

Senator WATT: Okay. What value for money assessments are undertaken for each of the projects committed under the program?

Mr Yeaman: There is a process. As with all of our projects, once the project is identified and scoped, as Ms Dacey said, we receive a project proposal report which provides us with evidence around the project. It often includes a PPR calculation. It includes job numbers. It includes the procurement model. We have a team which then assesses that project to ensure that it is consistent with the funding commitment and our broader guidelines around infrastructure spending. We do that for all projects.
Senator WATT: For instance, my understanding is that one of the projects that has been funded under the Urban Congestion Fund is a $1 million pedestrian traffic light project on Tram Road in Doncaster. Is that correct?

Mr Yeaman: Without knowing all the specifics myself, I believe that's right, yes.

Senator WATT: It may well be a very worthwhile project, but how would that project bust congestion?

Mr Yeaman: I'll need to check the specifics of that project. My colleagues have more that they can say. I believe that may have been an election commitment by the government. Election commitments we deliver, but I haven't got the detail here on how that will impact traffic in the region.

Senator WATT: Did the department provide any advice to government that building pedestrian traffic lights in Doncaster would bust congestion?

Ms Dacey: I've just been advised that it's about having a way of managing the pedestrian flow in what is a busy area. So in that sense it's about helping the traffic flow. I think it's near an aged community or something like that, so there's a safety element to it as well.

Senator WATT: In general, was any value for money assessment undertaken for that project that you're aware of?

Ms Dacey: I'm not aware specifically. I think the way that Urban Congestion Fund projects came about was through a variety of sources.

Senator WATT: But that one and others were election commitments and there wasn't any value for money assessment undertaken for them?

Mr Yeaman: As we've discussed with the committee before, in supporting the Urban Congestion Fund, we provided departmental modelling around the major pinch points in the various state networks. We provided advice on what had been identified by local councils, by Infrastructure Australia and others of the key areas of need. There are obviously many more that could be funded through a $4 billion program. Government took decisions on which ones they would fund based on all of that information together.

Senator WATT: On 18 September, Minister Tudge told Channel Nine that Urban Congestion Fund projects will start construction before Christmas. Can you update the committee on which projects will start construction by Christmas?

Ms Dacey: To the best of my knowledge, we've given you the most up-to-date information that we have. I'll have to check further.

Senator WATT: Are you aware of any Urban Congestion Fund projects that will commence construction before Christmas?

Ms Dacey: No. I haven't got the language he used precisely in front of me. I think in general terms—and we've been in very regular contact with Minister Tudge about the rollout of this program—he is well aware that a lot of that pre-ditch digger work is underway and happening. Without being able to speak for him at the table, that may well have been what he was talking about.

Mr Yeaman: We will take it on notice as well. We have 21 projects under the UCF that are currently identified that we expect to start construction this financial year. It's possible
some will start in December, but I'd like to just confirm whether we have anything we can add to that.

**Senator WATT:** Can you take on notice which ones will commence construction before Christmas?

**Mr Yeaman:** Yes.

**Senator WATT:** I asked earlier for the project's overall construction date, so that will tell us that as well. During the consideration in detail debate on the federal budget on 18 September this year, and in question time on 15 October, Minister Tudge claimed that 130 projects are already underway. Are any of those projects from the Urban Congestion Fund?

**Mr Yeaman:** No. Those projects he is referring to are parts of the rolling program that I mentioned earlier.

**Senator WATT:** So they are not necessarily from the Urban Congestion Fund?

**Mr Yeaman:** That's my understanding. Without having seen exactly what he said and what context it was in, I suspect those numbers relate to the broader program.

**Senator WATT:** If it is the case that any of these 130 projects that he refers to are from the Urban Congestion Fund, could you provide us with a list of them, please, and tell us whether any of them are in the planning stage.

**Mr Yeaman:** Partly I'm thinking of how we respond to the committee, because we want to be useful. You say in the planning phase. For example, we have sat down with the Victorian government a number of times over the last few months and gone through line by line every single project on this list. They are actively in planning, I would say, for all of them. They are trying to work out how it fits with their existing program and how the money can be used to help support and, in some cases, expand on a current project. They are going through. They are doing some of the geotechnical work and some of the design work. I'm not trying to be unhelpful. In Victoria, planning is underway for practically every project in some form. That doesn't mean they are all going through a business case process, for example. They don't all need to. I'm just highlighting that the one we struggle most with is the planning aspect because it's quite grey.

**Senator WATT:** I will turn to commuter car parks. I believe $500 million has been set aside for commuter car parks. Is that correct?

**Mr Yeaman:** Correct.

**Senator WATT:** How many car parks will there be out of that fund?

**Mr Caruso:** So 32 car park upgrades have been identified out of the $500 million fund.

**Senator WATT:** Have they all been publicly announced?

**Mr Yeaman:** Yes.

**Senator WATT:** Could you table a list of the locations of those 32 upgrades?

**Mr Yeaman:** They are also in the list to be provided. Everything that has been announced is in that list marked against the car park program.

**Senator WATT:** So if I'm looking under the subprogram, is it just Urban Congestion Fund, or is there a specific one?

**Ms Dacey:** No. It will just be called Urban Congestion Fund.
Mr Yeaman: My apologies. I thought we'd broken them out separately.

Senator WATT: Could we get you to produce a list just of the commuter upgrades, please.

Mr Yeaman: Yes.

Senator WATT: And how those locations were identified.

Ms Dacey: My understanding—this is before my time—was through a variety of ways, including advice from communities who were seeking more car parking to representations to straight decisions of government.

Mr Yeaman: It was the same process. It was a decision of government based on the advice of the department around where there was a congestion need and based on input from particularly local councils on where they saw a capacity to make a difference.

Senator WATT: These were all announced during the election campaign, weren't they, or were some announced before?

Mr Caruso: I'll have to check.

Mr Yeaman: The vast majority were in the election campaign.

Senator WATT: So the department did provide advice?

Mr Yeaman: Our advice focused primarily on network analysis around where there were particular congestion bottlenecks and hot spots that could be addressed through a variety of means.

Senator WATT: Could you table, if you like, the short list that the department provided?

Mr Yeaman: As I said, our advice was provided in the budget context as part of finalising the 2019-20 budget. We haven't previously provided that information.

Senator WATT: I'm asking you if you could table it, please.

Mr Yeaman: I'll have a look and see what we can provide.

Senator WATT: How many of the 32 upgrades that were announced were identified by department as being priorities?

Mr Yeaman: Again, I'll take it on notice.

Senator WATT: And how many weren't; that is the other part of the question? Were some upgrades that were announced that weren't identified as priorities by the department?

Mr Yeaman: I will take it on notice.

Senator WATT: So the $500 million has been fully committed?

Mr Yeaman: So $476 million of the $500 million has been committed.

Senator WATT: Is there a reason the remainder hasn't?

Ms Dacey: Not that I'm aware of.
Mr Yeaman: It's a matter for government. They are projects identified and that is how the funding is allocated.

Senator WATT: So potentially more could be announced? There's money available?

Mr Yeaman: Correct. It is a small amount of money.

Senator WATT: But commuter car parks are relatively cheap projects as well.

Mr Yeaman: Some.

Senator WATT: So that money—

Mr Yeaman: It is a matter for government.

Senator WATT: It hasn't been reallocated, though, to another purpose?

Mr Yeaman: At this stage, it's unallocated.

Senator WATT: You provided advice. Do you know what criteria were applied to select the locations for the upgrades that were announced?

Mr Yeaman: They are a decision of government.

Senator WATT: So no criteria that you are aware of?

Mr Yeaman: So there is broad criteria under the Urban Congestion Fund, which has been published. That is the criteria.

Senator WATT: And I take it that construction hasn't begun on any of these car parks?

Ms Dacey: As yet, no. But we are doing very detailed planning with the states on the locations and what options might be available and how you might take forward those commitments.

Senator WATT: When do you expect construction to begin on the first of these car parks?

Ms Dacey: I think it would be almost impossible to give you an answer because every one of them is quite different. It depends on where it is and what the surrounds are like and what the local construct is. I think it will be quite varied.

Senator WATT: Do you expect any to begin construction this financial year?

Ms Dacey: I don't know about this financial year. But we are certainly pressing for sooner rather than later because the need is there.

Mr Yeaman: I have just been passed a note by my colleague that at least one we are aware of in Victoria is out to tender now for the project. We expect that tender to come back in before the end of November 2019. So we would expect that project to start quickly.

Senator WATT: So there is one out to tender at this stage?

Mr Yeaman: Correct.

Ms Dacey: There is another one in WA out for tender as well.

Dr Holm: In New South Wales, there are two where property acquisition is commencing in November.

Senator WATT: Is that a stage past going out to tender?
Dr Holm: No. It's not going out to tender. It is basically they are in partnership with the New South Wales state government. They are undertaking property acquisition as the first part of that project. So it's pre tender.

Mr Yeaman: As I understand it, the Hurstbridge location in Victoria is out to tender now. The Craigieburn location is expected to go out to tender in November 2019.

Senator WATT: And what was the WA one?

Ms Dacey: Mandurah.

Senator WATT: So there are three in total that are out for tender at this stage across the country?

Mr Yeaman: One very soon to be. That is the Craigieburn one.

Senator WATT: Two out to tender and one expected soon?

Mr Yeaman: At least, yes.

Senator WATT: Mandurah is out to tender?

Ms Dacey: That's my understanding.

Senator WATT: Do you know how many will need to be built on privately owned or local government owned land?

Ms Dacey: That's part of the process we are going through at the moment. What is the best site? Who owns it? Would it need to be acquired? They are the kind of considerations.

Mr Yeaman: In the majority of cases—it is very much a case-by-case example—there is land that can be sourced from either the local government or from the state government. That is our priority and our first preference. But we do expect that there will be some car parks where we do have to consider private acquisition or other options.

Senator WATT: Have local traffic studies been completed for any or all of the projects?

Ms Dacey: Again, it's horses for courses. Some have. As we talked about before, if it's part of a bigger piece of work that's underway, that work will have happened. For others, part of the process we are working through with the states and territories now is understanding the network implications.

Senator WATT: That won't happen for all of them, though?

Ms Dacey: Some of them probably won't need it, but some of them definitely will.

Senator WATT: So how will nearby residents be consulted about the delivery of these car parks?

Mr Yeaman: It will be through the normal state and the local government community engagement processes. If, for example, the state government or local government requires an EIS or community consultation, we are doing these in partnership with those local councils and the state government. So their normal community consultation processes would apply.

Senator WATT: And will these car parks be subject to local government planning requirements?

Mr Yeaman: Again, if required, depending on the solution that's chosen, yes.

Senator WATT: The government released a policy on 11 May—its population migration and better cities policy. It makes this claim:
As part of this Fund—the Urban Congestion Fund—we are allocating $500 million to a Commuter Car Park Fund which will provide greater access to public transport options and take up to 25,000 cars off the road.

What modelling was done to substantiate the claim that the car parks will take 25,000 cars off the road?

**Mr Caruso:** I don't have the detailed figures in front of me, but we did answer this question at the previous estimates hearing. In the broad, the department looked at a sample of previous car park upgrade projects that had happened and made an assessment of how many additional car parks you could expect for the amount of money that was committed based on previous experience.

**Senator WATT:** So you're satisfied that is an accurate claim?

**Mr Yeaman:** Within the bounds of all the usual modelling work. We provided the best analysis that we could at the time to government.

**Senator WATT:** I have a few more commuter car park questions.

**Ms Dacey:** I want to be very accurate with you. Apparently the tender for Mandurah will be announced in late October, with award expected for the end of the year. So it's not out now, but it's imminent.

**Senator WATT:** Okay. I will stick with commuter car parks and a specific example. There was an article in the *Age* on 20 August; I have a copy here if anyone needs it. It is an opinion piece by Shane Wright on congestion. Do you know the article I'm referring to? I can pass you a copy. The headline is 'Mega schools bursting at seams'. It's about congestion around schools. In brief terms, the article claims that almost all of the 30 promised car parks—and we now know it's actually 32—are in Liberal held seats in Melbourne's south-east and that the federal government hadn't talked to the state government about the projects, of which at least one may be physically impossible to build. The federal government hadn't spoken to the state governments about how they were going to deal with public transport congestion. What consultation did occur with the state governments about these projects?

**Mr Yeaman:** I'm happy to go over it again. I believe that we have canvassed this in previous hearings in some detail. We had discussions with our state government counterparts at the bureaucratic level about their congestion priorities in the broad. That fed into our analysis and thinking that we provided to government as part of the budget process. Ultimately, the decisions around which locations were chosen were matters for government. They took those.

**Senator WATT:** So how were issues around public transport congestion considered in determining locations?

**Mr Yeaman:** What we're doing as part of the car park program now is as we develop the design and the approach to each car park, we're having discussions with the states and local governments around how it integrates with the network, what else can be done around active transport and how our bus networks and other things can combine with the car parks. So that is part of the design process. Having marked the location out through the election or the budget, we are now in discussions around how those locations best integrate with the network as part of the design.
Senator WATT: The article claims that almost all of the promised car parks are in Liberal held seats. Is that correct?

Mr Yeaman: We don't have that. The table we provided you has an electorate breakdown and a location breakdown. But it is a matter for government where those locations were.

Senator WATT: How many are in Minister Tudge's own electorate?

Mr Yeaman: I don't know.

Senator WATT: Wherever they were located, that was a decision of government, which is another way of saying Minister Tudge, in consultation with his colleagues?

Mr Yeaman: It was through the budget process or through the election process.

Senator WATT: The ABC ran a story earlier this month about the suburb of Tarneit on Melbourne's western fringe. According to this story on the ABC, the commuter car park in Tarneit has been open for four years and is already overflowing by 7 am each weekday. In the afternoon, commuters run for their cars to avoid gridlock at the station. Was Tarneit considered for a commuter car park under the Urban Congestion Fund?

Mr Yeaman: I have just been passed a note again. My understanding is that Tarneit is being considered as part of the Victorian government car park upgrade program separately. At each state level there is also a number of these car park programs running. I believe that one has been marked out as part of the Victorian program.

Ms Dacey: I will add to Mr Yeaman's answer. That is part of the discussion we are having with local councils and with the Victorian government. It is to look at where their program is, what our program is and how we make sure that there's no duplication or cross-cutting outcomes achieved.

Mr Yeaman: I would also just note for completeness that it is certainly the case that you could identify across the country a large number of car park locations where there is a need for further investment. The government took decisions around how to allocate the money that was in the fund. There are any number of locations, both on congestion and car parks, across the country that could warrant further investment over time.

Ms Dacey: Just to cover off, I have been advised that there are two car parks in Minister Tudge's electorate.

Senator WATT: Two.

Senator DAVEY: I want to clarify on the back of Senator Watt's questions. I think the implication from Senator Watt is that the government has determined the site for these car parks rather than a due process.

Senator WATT: Well, that's what we're being told—that they are a decision of government.

Senator DAVEY: That's why I just want to clarify what we're being told. Is your evidence to the committee that the government determined the locations and that there was no consultation with states and transport authorities as to where these locations and car parks should be located?

Mr Yeaman: To be clear—again, I've mentioned this in probably greater granularity in previous hearings—the department provided a range of advice to government in the lead-up
to the 2019-20 budget around what we considered to be the broad areas of priority in terms of congestion. That was based partly on our own engagements with our state counterparts, with local councils and with others. The government also did their own consultation with local councils and other representatives from the community. That was all considered together as part of the budget process in the 2019-20 budget. Ultimately, the government took a decision on the location of those car parks.

Senator DAVEY: So it wasn't arbitrary the government saying, 'I want a car park here? 'It was based on advice that they'd received from yourself and others, and then they undertook a process to determine the final priority areas?

Mr Yeaman: I hold to my previous answer. Yes, we provided advice to government and government took a decision.

Senator WATT: That's true, but you also said earlier that the projects that were ultimately funded weren't necessarily the ones that you recommended. You provided advice about priorities. The government made a decision.

Mr Yeaman: Correct. Senator WATT: I think that's it for commuter car parks, if you want to give someone else a go and I'll catch my breath.

CHAIR: I would think that nobody else is quite as interested in commuter car parks as you are.

Senator WATT: I am a diligent servant of the people, Senator McDonald.

CHAIR: Indeed you are.

Senator WATT: I'm a servant of the people of Queensland.

CHAIR: While we're just having a pause in our thoughts, can I ask you to find that other article that you referred to.

Senator WATT: That was the 11 October one?

CHAIR: Yes. The 11 October, please, in the Sydney Morning Herald.

Senator WATT: We're on that.

CHAIR: Senator Roberts, do you have a question?

Senator ROBERTS: No. I'm just checking through.

CHAIR: Marvellous. We're still some way away. I'll keep you posted. Do you have a question?

Senator ANTIC: I'm quite happy just to pause to let Senator Watt get his breath and load up again.

CHAIR: Do you have a question?
Senator LINES: There are a number of rail crossing projects in Western Australia. There is Oats Street, Mint Street et cetera. What is the start-up time for them? Where is the discussion up to?

Ms Rosengren: They are still discussions ongoing about our planning for that, working closely with the state, so we haven't got dates yet on timings. Obviously it requires a lot of community consultation for those projects.

Senator LINES: So you're in discussion with the state government?

Ms Rosengren: Yes.

Senator LINES: Have you got a date in mind of when you would want the projects to be started?

Ms Rosengren: We don't at this moment. As I said, we're understanding what the scope of it might be and what the options may be and what the timeframes are.

Senator LINES: When this commitment was made—and it was made during the election campaign—what work had been done before then? Obviously there is a figure around the rail crossings et cetera?

Ms Rosengren: I'll have to take on notice how much work was done before. But obviously there are discussions with the state counterparts, understanding that their priorities were to identify what those crossings are. I'll come back on how much the scope was actually up to standard.

Senator LINES: But you can't tell me what work you had done prior to this announcement being made?

Mr Yeaman: I'm aware that on that particular stretch in Western Australia there had been work done on some related level crossings previously by the Western Australian government.

Senator LINES: Denny Avenue?

Mr Yeaman: Correct. We have our own rules of thumb inside the department around what a standard level crossing removal may cost, depending on the nature of the rail and depending on the location, to help inform our initial commitment to that. We then have to go through the detailed design process to understand—

Senator LINES: So you extrapolated from the cost of Denny Avenue to what it might cost for these other three?

Mr Yeaman: I don't have the specifics of that one. My colleagues may.

Senator LINES: But that seemed to be what you were saying. I don't want to put words in your mouth.

Mr Yeaman: We often do that. It is not just the Denny Avenue one. We look at what we understand to be the average cost of a level crossing removal to help fund that.

Senator LINES: In fact, the cost could be more than that?

Mr Yeaman: For all our projects, it could be more. It could be less. We go through that process.

Senator LINES: But no-one in the room can tell me what your department has done prior to this announcement being made? I appreciate you were having discussions with the state
government and they are ongoing. But to come up with this election commitment, I'm trying to understand what work your department had done.

Ms Rosengren: So we take advice from the state, obviously, on what it might be and then do an assessment of what we understand based on similar projects.

Senator LINES: That is the piece of work I'm trying to understand—what you'd done.

Mr Yeaman: We can take it on notice.

Senator LINES: I just find it a bit extraordinary the whole department is here and no-one can tell me what work was done, that's all.

Mr Yeaman: I suspect at the time—my understanding, and I cannot confirm this to you—is that the project was identified by the Western Australian government and provided to us as something that they would like to see progress. We can take on notice whether we have that work that was provided to us.

Senator LINES: You haven't got this figure based on the cost of rail crossings?

Mr Yeaman: We take the work they provided to us and do our own estimates.

Senator LINES: So you hadn't done any detailed work?

Ms Spence: I think what we're saying is we'd rather take it on notice.

Senator LINES: Sure. I'm just saying that you hadn't done any detailed work?

Ms Spence: I'm just saying that we'll take it on notice what work has been done.

Mr Yeaman: Maybe the state government had done detailed work and they provided that information to us, which we assessed.

Senator LINES: But your department hadn't done the detailed work?

Mr Yeaman: We'll take it on notice and check.

Senator LINES: I don't know, Senator Sterle, if you can help me. I just find it extraordinary that we have a whole bunch of officials here and no-one can tell me whether detailed work was done.

Senator STERLE: Welcome to estimates, Senator Lines.

Senator LINES: It's a pretty simple question.

Senator STERLE: There was a time when officials would come armed with people flown out the back and everything would be available.

Senator LINES: Can you get the information today?

Ms Spence: We have taken it on notice. We'll get to you what we can today.

Senator LINES: My question is: how much work did you do? It's pretty simple.

Ms Spence: We'll take it on notice.

Senator STERLE: The department today have been very good. They said they would come back to us. We've asked them whether they could please come back after lunch. So you are in the process of following that?

Senator LINES: Yes.

Ms Spence: We will find out as soon as we can and get back to you today.

Senator LINES: Thank you.
Senator STERLE: I know the intersections. It is Senator Lines's backyard. So the state government proposed that?

Mr Yeaman: We will need to take it on notice. You would appreciate that we do try very hard to prepare as well as we can for estimates. We have many tables here. We have over 600—

Senator STERLE: Well, don't fire me up. Let's keep going while we're still friendly.

Mr Yeaman: There may be someone in the department watching who is more close to that specific project and can give us the history of how it was generated. We've been trying to talk about how this generally works, but we need to check.

Senator STERLE: I'm just following on. Senator Lines is not up to speed with it because she's been in another committee. But what we have identified as part of the congestion busting fund—and I have no doubt the others are the same; I think, but I will be told—is the federal government can make commitments to worthy projects. But if the state government says, 'We're not doing it', it's just not going to happen. That is what is coming up today that we're clear on. In terms of this, this is a state government preferred project. They've put that to the federal government and said, 'We would be rapt if you would want to co-fund this with us.' Is that correct?

Ms Rosengren: Yes.

Senator STERLE: Tremendous. Hopefully, when we come back after smoko, that's available. Senator Lines, once Ms Spence tables it, I'll give you a shout.

CHAIR: Senator Antic, would you like to ask a question?

Senator ANTIC: Thank you. I want to ask a question in relation to the premier state, South Australia. I was wondering if he was paying attention. Apparently not. Is it expected that some of the projects being funded from the rural roads package will be commenced this year in 2019-2020?

Ms Rosengren: Yes. Again, there were eight projects under the rural roads program in South Australia. Planning is underway on all of them. We are undertaking consultation. The expectations are that Bratten Bridge, Kroemers Crossing Road, Horrocks Highway and the safety package works are all expected to commence in this financial year.

Senator ANTIC: How many projects funded under the Black Spot Program and the Bridges Renewal Program have been funded at this stage?

Ms Rosengren: In South Australia?

Senator ANTIC: South Australia.

Ms Rosengren: We have 178 under Black Spot, which is from the period of the program since 2013-14. That was up to a cost of $53 million.

Senator ANTIC: And the Bridges Renewal Program?

Ms Rosengren: For rounds 1 to 4, there were 23 projects.

Senator ANTIC: Thank you.

CHAIR: Senator Watts tabled these two articles from the Guardian on 11 October and the Age on 4 October. Could we agree that they be tabled? Thank you.
Senator CAROL BROWN: In the last month or so, there's been some media around the Bridgewater Bridge in Tasmania, particularly around Infrastructure Australia's comments. What is the department's view of those comments?

Mr McClure: The Tasmanian government had developed a business case for the Bridgewater Bridge that went both to Infrastructure Australia and to ourselves. It's fair to say that the concerns that were raised by Infrastructure Australia were some of the concerns that our teams had identified. It's important to note, though, that Infrastructure Australia weren't questioning the need for a project and for a solution to the transport network. It was the business case and the way it had described the benefits and the costs. So it remains a priority initiative on the Infrastructure Australia priority list. So we're working now with the Tasmanian government to look at some of those concerns from both us and Infrastructure Australia in moving to the next point with the development of the project. In fact, the next point is predominantly going to be around some more detailed geotechnical work. The Tasmanian government issued a tender just in the last couple of days to get some detailed work done on the site to determine the options for the new bridge.

Senator CAROL BROWN: So, in a nutshell, the department held the same sorts of concerns that IA mentioned in their report. Now the state government is doing some more work around geotechnical aspects. Are you assisting? Is the department assisting other than with advice to the Tasmanian government?

Mr McClure: We work closely with the Tasmanian government. We don't have officials embedded helping develop business cases. But certainly we're in constant consultation with them as they go through the process. The main concerns are around what other options there might have been to the one that was presented in the business case, yes.

Senator CAROL BROWN: So does the Tasmanian government need to, with the next iteration of their design, have to go to IA?

Mr McClure: It doesn't necessarily have to go back to Infrastructure Australia. Infrastructure Australia has viewed the business case, made its commentary and pointed out the issues. As I said, the update to the business case is looking to address those issues. So it wouldn't necessarily mean that it goes back to Infrastructure Australia.

Senator CAROL BROWN: IA can be bypassed or IA doesn't need to tick off on a project, but the department does?

Mr McClure: Infrastructure Australia has been provided with the business case and has undertaken an assessment and it has provided advice.

Senator CAROL BROWN: I understand that, but I'm asking you now.

Mr McClure: We've gone through that.

Senator CAROL BROWN: Will it come forward again?

Mr McClure: The department is always involved in the next step, which is the development of a delivery project proposal report. So this is a report that—

Senator CAROL BROWN: The project can't proceed, though, without the tick-off of the federal department?

Mr McClure: No. We would need to approve it. We would be looking to see that the issues raised by IA are addressed.
Senator CAROL BROWN: So the department can tick it off and IA doesn't have to for it to proceed?

Mr McClure: The policy is that all projects must be reviewed by IA. We've received that. We would then have to provide advice to government to tick it off to the final stage. If we weren't satisfied that the IA concerns had been raised in the final report, we would provide that advice to government.

Senator CAROL BROWN: But it doesn't have to be ticked off by IA, does it?

Mr McClure: The policy is that it is reviewed by IA.

Senator CAROL BROWN: But it doesn't have to be, does it?

Mr McClure: No.

Senator GALLACHER: The minister has discretion over the project at the end.

Mr McClure: Correct.

Senator GALLACHER: So you can disagree and IA can disagree, but the minister gets to say it is going ahead?

Mr McClure: Correct.

Senator CAROL BROWN: What year was the land for Bridgewater Bridge acquired?

Mr McClure: Certainly all the necessary land has been acquired. I'm not exactly sure I have the dates for when that happened. I might need to take that on notice.

Senator CAROL BROWN: What about the year?

Mr McClure: If you bear with me a moment, I'll see if I have that information. I do know it has been acquired. No further land needs to be acquired. I might need to take that on notice.

Ms Dacey: We'll see if we can find out for you.

Senator CAROL BROWN: For some reason, I thought it was around—I could be wrong—2012 or 2013.

Mr McClure: It's not unusual when states and territories are looking at future priorities on the network that they get in early. Once an alignment hits a map and properties come under it, perhaps someone wants to sell their property and it impacts. They often—

Senator CAROL BROWN: Bridgewater Bridge has had a number of issues. We've just spoken about one regarding the Tasmanian government's proposal. If you could get that date for me, that would be good. I'm actually interested in an article on 3 October. I'm just trying to clarify the Australian government's position. The article actually says two different things. I'm just trying to clarify what they say Mr Tudge's statement was. It says that—

CHAIR: Could we get that tabled, please?

Senator CAROL BROWN: Sure. I will just ask my questions. Mr Tudge was on the front page of the Hobart Mercury. It says that it commits both levels of government to the construction of a new Bridgewater Bridge from 2024. The second time it is mentioned in the article, it says the state and federal governments say they will replace the Bridgewater Bridge by 2024. Would you be able to tell me which one of those statements is correct?

Mr McClure: In the absence of that further work, we haven't got absolute dates. But the Tasmanian government's latest public advice has been a start to the construction around 2022.
and completion around 2024. But that will need to be further narrowed down as we go through the next part of the planning and development work.

Senator CAROL BROWN: So there's no guarantee that it will be by 2024?

Mr Yeaman: The commitment in the CEDL, which I think might be what you are referring to in the article, was that that was the intention at the time—to try to have this project done by 2024. As Mr McClure said, those final dates are still firming up.

Senator CAROL BROWN: So when do you think you'll know there will be cars going over the bridge by 2024, which was the commitment not only by Minister Tudge but former Prime Minister Turnbull and Premier Hodgman? The Bridgewater Bridge project has been going on for some time.

Mr McClure: The update to the business case and the work that is being done now will probably carry forward for the next six to nine months. I would say it's probably the middle of 2020 before we'll have a really strong idea of what the final scope of the project will be and the timelines.

Senator CAROL BROWN: So there cannot be any commitment really about dates until we get that timeline in the middle of next year?

Mr McClure: As I said, currently it's 2022 start and 2024 completion. But that's absolutely not guaranteed until that further work has been done.

Senator CAROL BROWN: Thank you. If you could come back with that date.

Ms Dacey: We will.

CHAIR: I'm conscious that we're about 4½ hours behind now. Any questions you could put on notice?

Senator WATT: We'll have many.

CHAIR: How are we going? We've just got a couple of agencies and people who are waiting.

Senator WATT: We might try and work out which agencies we won't end up needing tonight just so people don't need to stick around.

CHAIR: That would be terrific. Thank you. Are we up to the National Faster Rail Agency?

Senator WATT: Not yet.

CHAIR: Would that be too optimistic?

Senator WATT: That would be too optimistic.

CHAIR: It would be too optimistic. I had to ask.

Senator WATT: This section is probably our longest and most detailed of the whole day. That's pretty similar to past years, I think. Are you happy for me to keep going?

CHAIR: Of course, Senator Watt.

Senator WATT: My next set of questions is about the Roads of Strategic Importance program, or ROSI. For those following at home, this was another fund that I think was established in the 2018 budget. That's right, isn't it, that this fund was established then?

Mr Yeaman: Correct.
That's correct.

It was established in the 2018-19 budget. Similar to ROSI, there was additional funding announced in the 2019-20 budget. The majority of the funding was allocated to specific projects in that 2019-20 budget.

Senator WATT: When it was announced in the May 2018 budget, there was $3.5 billion allocated to roads of strategic importance. Is that correct?

Mr Yeaman: Yes.

The minister, Minister McCormack, did a media release at the time announcing this new program. He identified a number of what he called immediate priorities. They included $1.5 billion for northern Australia, $400 million for roads in Tasmania, including the Bass Highway, $220 million for a bypass of Bindoon in WA, $100 million for the Barton Highway between Canberra and Yass and perhaps other examples. Can you update the committee on how these immediate priorities, as the Deputy Prime Minster described them, are progressing?

Mr Yeaman: I will ask my colleagues to speak to the specific projects and corridors that you mentioned. I might ask my colleague Ms Rosengren to start with the Great Northern Highway Bindoon bypass. The $1.5 billion that you refer to for northern Australia was essentially an allocation within the overall program earmarked and dedicated for northern Australia. As I understand it, the immediate priorities that were identified were, as you say, the Tasmanian roads package, the Barton Highway corridor and the Great Northern Highway. I'll ask my colleagues to provide an update on those projects.

Ms Rosengren: With the Bindoon bypass, the business case is currently with Infrastructure Australia for assessment. While that's still being considered, land acquisitions have commenced. A lot of the design and plan work is obviously being completed.

Senator WATT: I do have some questions about the specific projects. Of that $3.5 billion that was announced about 18 months ago for immediate priorities, how much has been spent to date?

Mr Caruso: I would have to look that up. We will have to take that on notice.

Ms Dacey: Just to give you some context, again, as Mr Yeaman said, there was an announcement in budget 2018-19 and then there were more announcements in this year's budget. My understanding in particular for the ROSI was this is meant to be a process for identifying a rolling program of work on these very important corridors to give certainty to communities, contractors, governments and councils about a pipeline of work that is going to be available for a period of time. I completely understand that the immediate priority has a very commonly understood connotation, but there is a slightly different program lens here.

Senator WATT: Sure. One of the reasons I'm asking about this is we asked a question on notice, which you've now answered, No. 393, which says that only one ROSI project has commenced. That is the Murchison Highway in Tasmania. All up, the government has spent $2.2 million of this $3.5 billion fund that was for immediate priorities. That's correct, isn't it?

Mr Yeaman: That's correct.
Senator WATT: Minister, how long is it going to take if we're going to get you to spend $2.2 million of a $3.5 billion fund that's intended for immediate priorities? How long does it take to get going on what you see as immediate priorities?

Senator McKenzie: Well, I think the officials have outlined, Senator Watt, the process we've been going through to get the ROSI funding on the ground and get those projects going. So in this policy area, we're always keen and standing quite upfront saying, 'Here we are. Here's the money. These are the things we think are important based on what our members are saying and what the local communities are saying.' Again, we can't do it by ourselves.

Mr Yeaman: I would like to expand on the way the ROSI program was constructed. When the fund was put in place, the intention of the ROSI program was to identify strategic corridors where a rolling series of work would occur on those corridors over time. It would provide support to the local community and the local industry, especially tier 2 and tier 3 contractors, to get involved. I understand there's a guaranteed pipeline of work on the corridor. There were three what I would call immediate priorities, which were identified as requiring immediate development. Those have been through that process. As Ms Rosengren mentioned, they are now starting to move through the business case into the completion phase. There was then a pretty intensive period of consultation. Following the announcement, colleagues from the department went to northern Australia and other parts of the community to talk to local councils and communities about the right projects for those corridors. Off the back of that process, the government in the 2019-20 budget, announced the additional corridors and the specific projects that largely allocate this program. The figures I have in front of me suggest that of the approximately 50 announced projects—these are the standalone projects, not the corridors—we expect six to be scheduled to commence this financial year in 2019-20, nine scheduled to commence in 2020-21 and five to be commencing in 2021-22. The remainder are still going through those planning processes. We do expect one to be completed in 2019-20. At this stage, four are scheduled to be completed in 2020-21.

Senator WATT: If something is an immediate priority and after 18 months you can only spend $2.2 million out of a $3.5 billion fund, that has got to make you worry about something that is just a priority rather than an immediate priority.

Senator McKenzie: Senator Watt, you can continue to make those assertions. As the officials and myself and the ministers responsible have been consistent in saying, we need to be partnering with state governments on this work right across the country. In spaces where that has occurred, we're able to build the infrastructure that Australians need and deserve.
cases where state governments have been quite recalcitrant in their desire to engage with us and partner with us—

Senator WATT: So it's the state government's fault?

Senator McKenzie: those projects aren't happening. We've got projects from not just roads, as we're talking about today, but dams that we're desperate to build if only state governments would partner with us to get that work done. So I think you've seen a range of examples today where it's worked well. You're also highlighting some places where it's not.

Senator WATT: So you can get it together to spend $16 million pumping advertisements promoting the government's achievements all around the country in the months leading up to an election but you can't get it together to actually spend money on the roads that people want to see?

Senator McKenzie: Senator Watt, you've actually highlighted the point I've been trying to make. When the government seeks to inform Australians of our infrastructure investment—

Senator WATT: You guys are excellent at spin. There's no question about that.

Senator McKenzie: and the projects that are rolling out right across the country, there's only one group of people that have to make that decision; that's the federal government. In the other space where you are criticising—

Senator WATT: I don't doubt you're very good at advertising, spin, marketing.

Senator McKenzie: we have to actually partner with state governments and, hence, it's taking a lot longer. In some instances, and for some projects, it's more than we would like for that actually occur.

Senator WATT: So you're saying that the reason every single project you are committed to under this Roads of Strategic Importance program hasn't happened is because the state governments are dragging the chain?

Senator McKenzie: I am saying that throughout the day we've been talking about a raft of projects that are on time, completed and waiting for various assessments. In many cases, they are waiting for partnership moneys from state governments. So there's a whole raft of reasons why projects are delayed. I think the officials have been very clear that for the immediate priorities that were identified under this program, there is a process that needs to be gone through. You would be the first one to criticise us if we didn't actually go through an appropriate process to build a road.

Senator WATT: It is a good example of the broader point, isn't it—that the government is very good at spending money advertising its achievements in the run-up to an election. You've spent eight times as much money advertising what you say you are doing than what you've actually done. You spent $16 million advertising your infrastructure program and here we've got a program that was supposed to be about immediate priorities and it's only spent about $2 million.

Senator McKenzie: Well, the officials couldn't have been clearer with you, Senator Watt. Mr Yeaman, you have something else to add?

Mr Yeaman: I go back to my earlier point. There are a large number of projects underway on the ground right now where money is flowing. The government will spend a substantial amount of money on infrastructure this financial year. We have around 130 major projects
funded that are underway right now supporting an estimated 50,000 direct and indirect jobs through these investments. I again make the point that we have a rolling program. There are new programs coming online as other projects finish.

Senator WATT: Things happen. But that question on notice that you answered showed that, as at that date, only one of these Roads of Strategic Importance projects was funded to the value of $2.2 million. But, Minister, the government was able to spend eight times that on advertising blowing its own trumpet in the run-up to the election. You don't think that's bad priorities?

Senator McKenzie: Senator Watt, when we went through the program earlier today talking about the investment informing Australians about where their tax dollars were going in terms of building a whole raft of infrastructure projects, not just the roads of strategic importance program—

Senator WATT: Why don't you spend that money actually delivering the roads?

Senator McKenzie: from inland rail right across the spectrum of projects that the infrastructure portfolio oversees—

Senator WATT: But wouldn't that money be better spent actually building some roads?

Senator McKenzie: Australians deserve to know—

Senator WATT: They also deserve to see some roads built.

Senator McKenzie: where their tax dollars are going. As I outlined in the figures this morning, they wanted to know the detail about not just the national figures, the big numbers, but how it is actually affecting them in their local communities to live and work better.

Senator WATT: So you're telling me that Australians would rather see their taxes spent advertising blowing the government's own trumpet than on actually delivering a road that they might use?

Senator McKenzie: As I outlined this morning, the market research undertaken by the campaign in earlier iterations highlighted the fact that Australians wanted to know in more detail about the infrastructure program of the government and how it was impacting on them and their local communities and where their local projects were. That is why the latest iteration of that campaign actually allowed them to really dig down deep into what was happening in their local region. It was really well received.

Senator WATT: Did the market research ask people whether they would rather see their taxes spent on government advertising rather than on actually delivering a few roads?

Senator McKenzie: I don't think it did.

Senator WATT: What do you think they might have said if you had asked them that?

Senator McKenzie: Our government responded to the market research done and then designed a campaign in response to that. If you want further details on that, you will have to put them on notice because I'm not sure whether those officials are with us any longer.

Senator WATT: I will turn to some of these so-called immediate priorities that we're still waiting to see funded. Work has commenced on only one of these projects, being the Murchison Highway in Tasmania. Is this a new project or the continuation of ongoing upgrades to the Murchison Highway?
Mr McClure: The nature of the ROSI program is that it's not just a particular main road on the corridor, like the Bass Highway, but also feeder roads. The Murchison Highway is a key feeder road into that Bass Highway corridor. It was a new project that was commenced under the ROSI program. It's being delivered in two stages. The first stage is complete and the second stage is to be completed early next year.

Senator WATT: So it's a new project?

Mr McClure: A new project; that's right.

Senator WATT: And during the Braddon by-election there was a lot made of the government matching Labor's $60 million commitment to upgrade the Bass Highway west of Wynyard. There's a Liberal government in Tasmania that had earlier committed funding of $40 million. How is it that almost 18 months later no construction has commenced?

Mr McClure: Is this on the Cooee to Wynyard section?

Senator WATT: Yes.

Mr McClure: The Tasmanian government has been working away on the planning on that. We expect to have the project proposal report in December for how they want to roll out that particular commitment. Again, the nature of major infrastructure projects is that they take a lot of time to develop, which is really why we established a rolling program. Projects, as they get committed into budget, can go through that development and design phase while other projects are being delivered. Just while I have the mic, I might answer that question about the land acquisitions for Bridgewater Bridge. There were 14 acquisitions in total. I don't have the date for each of them, but they were all completed by December 2015.

Senator CAROL BROWN: Thanks for that.

Senator WATT: What projects are underway as part of the Northern Australia Roads of Strategic Importance package?

Ms Rosengren: There are five ROSI corridors. We've got Alice Springs to Darwin. Of that, there's a $15 million Mango Roads project. Currently the design has just been completed. That will start in the dry season next year. We've got Alice Springs to Halls Creek. Again, we've got early works along that sealing the Tanami Road to Yuendumu. Again, that will occur next year. There is the Adelaide River to Wadeye. We've got an early works program there looking at the Port Keats-Saddle Creek crossing in 2020. We've also got a couple of corridors. There is Tennant Creek to Townsville and Newman to Katherine, where planning is underway to identify and prioritise what the works may be or the scope of works along those corridors. Consultation is occurring with the councils and the Northern Territory government on that.

Senator WATT: Are there any expectations around when construction will commence on any of them?

Ms Rosengren: No. Again, that's looking at the prioritisation of the work and the scope to then be able to set out what the timeframes are.

Senator WATT: Which of those projects in northern Australia do you expect to commence construction first?
Ms Rosengren: As I said, Mango Road, which is on the corridor from Alice Springs to Darwin, will start now that we're looking at March 2020. So obviously it's dependent on the dry season starting again.

Senator WATT: That is actual construction?

Ms Rosengren: That's actual construction, yes. The design is now completed.

Senator WATT: Are there any of those other projects that you listed where you would expect to see construction commence, say, by the end of 2020?

Ms Rosengren: Yes. They are the two examples I gave you—Port Keats-Saddlecreek Crossing and the Tanami Road. Construction will start next year.

Senator WATT: And the rest after that?

Ms Rosengren: Yes.

Senator WATT: Okay.

Senator CAROL BROWN: I want to clarify the question around the commitment during the Braddon by-election. That is the Marrawah to Wynyard project. There was a commitment in the by-election in July 2018. Work hasn't commenced on that road, has it?

Mr McClure: There are two commitments. There is Cooee to Wynyard and Marrawah to Wynyard. Both are more or less in the same stage of development. The Tasmanian government has all but finished the project proposal report detailing the scope of the works that they are to deliver. We expect to have that by the end of this year.

Senator CAROL BROWN: So why state that there were two separate projects? The commitments were made at different times? Are you saying that that work is now rolled into one?

Mr McClure: No. There are two separate projects. Both have Wynyard in the title. I'm sorry for the confusion.

Senator CAROL BROWN: That's fine. Let's talk about the Marrawah to Wynyard project. Have you got the right page?

Mr McClure: Yes.

Senator CAROL BROWN: I am interested in an update on that project because it has been 18 months and there's no construction commenced.

Mr McClure: No. As I said, basically, from the point that the commitment was made, the Tasmanian government has been looking at that stretch of the highway and developing up the priority sections and the treatments that they intend to deliver. That comes to us in the form of the delivery project proposal report, which we expect, as I said, by the end of 2019. That will allow us to go to the government for formal approval of that construction work.

Senator CAROL BROWN: That is 18 months.

Mr McClure: These major transport projects are pretty complex. They are not something that you can announce one day and roll out work the next.

Senator CAROL BROWN: But 18 months is only to get a proposal to you, is it?

Mr McClure: Basically, to get to the point where we've got the delivery project proposal report, the states had to go out there and have a look at what land acquisition might be
required. There might not have been in this case. I'm not sure exactly the details— it goes through the consultation; you need to look at the environmental aspects—and whether it's got to go beyond that. There's a whole lot of work that goes into the development of these projects.

**Senator CAROL BROWN:** When this proposal comes to you, what is the process, then?

**Mr McClure:** By the time we get what we call our delivery project proposal report, the state has determined the final cost, the scope and the timelines. We then assess that to make sure that it's meeting the intent of the Australian government's commitment towards that project. If we're comfortable with what has been provided to us by the state or territory, we then put advice up to our minister to formally approve the funding. The states would not generally award a construction tender until they know there's certainty of funding. So the state would then go and award a contract for that work to be rolled out.

**Senator CAROL BROWN:** So you get the proposal and you assess it. If it's okay, the next step is to—

**Mr McClure:** The project starts from that point. The project starts.

**Senator CAROL BROWN:** The project will start.

**Mr McClure:** Once we get project approval—

**Senator CAROL BROWN:** So if there are land acquisitions to be done?

**Mr McClure:** It would depend on project by project. The state would generally have acquired those along the way or identified the projects and be in negotiation. Part of our funding might go towards those acquisitions.

**Senator CAROL BROWN:** What I'm trying to understand is when the proposal is accepted, you may need to go through other assessments—environmental ones, land—

**Mr McClure:** They would have already been done. By the time we get to the point that we've got the delivery PPR, the state would have already been through all those processes. As I said, that's why these processes take a while to get to the point. They've come to us and said, 'Yep, we're ready to go.' Then we look to get the funding approved so that they can go and then start construction.

**Senator CAROL BROWN:** So is that 18 months for a proposal to come to the department? Is that an average amount of time?

**Mr McClure:** It would be average. A small project, as we've been talked about with the urban congestion projects, are probably 12 months. There's still some work. But in a complex project, like what we're involved in with the airport rail link, it might be three or four years to get that project to that point. It really depends on the complexity of the project.

**Senator CAROL BROWN:** So when are we looking to see some construction on the Marrawah to Wynyard—

**Mr McClure:** They should start construction in the first half of next year.

**Senator CAROL BROWN:** The first half?

**Mr McClure:** Yes.

**Senator CAROL BROWN:** We'll see. Hopefully, we won't be back here talking about the fact that there's no construction. Thank you.
CHAIR: Great. Thank you for that question, Senator Brown. How about we have a short break for afternoon tea? We will regroup here in 15 minutes at half past four. We will see where we're up to then. Thank you.

**Proceedings suspended from 16:14 to 16:33**

CHAIR: Let's get started again, please. We are still with the Infrastructure Investment Division.

Senator WATT: Just sticking with the Roads of Strategic Importance program for a little bit, one of the other projects that was announced in this program was $100 million committed as an immediate priority to upgrading the Barton Highway between Canberra and Yass. Where are we at with that project?

Dr Holm: We expect the project proposal report by the end of this calendar year. We've been working closely with the New South Wales government on that process. We're confident on that. The next step after that would be tender award, we expect, in quarter 3 of 2020. The immediate next step is to receive the project proposal report by the end of this calendar year.

Senator WATT: How do you intend to determine which sections of that highway get upgraded?

Dr Holm: There is obviously work that has already taken place in terms of duplication of sections of the Barton Highway. There is ongoing work as well as works that were previously completed. The PPR will really inform the next stages for duplication. It would extend the duplication that's occurred to date and is underway. But we need the PPR to confirm that.

Senator WATT: Someone was talking about the Bindoon Bypass project earlier. Where are we up to with this one?

Ms Rosengren: That was me. The business case is with Infrastructure Australia for assessment, but in the meantime we've started the acquisitions for that project.

Senator WATT: When do you expect that project to begin construction?

Ms Rosengren: Once we hear back from Infrastructure Australia. We'd be looking probably at 2021 calendar year.

Senator WATT: When would you expect that project to be completed?

Ms Rosengren: I'd have to take that on notice and get back to you on that.

Senator WATT: I am conscious that this was advertised by the minister—and I know you're not the minister—as an 'immediate priority'. This project sounds like it won't actually start for another two years?

Ms Spence: As we've said previously, as to the definition of 'start date', we've been saying there's a lot of work that's been going on before you get to actually construction on the ground.

Senator WATT: There was an extra $1 billion added to the Roads of Strategic Importance fund in 2019, wasn't there?

Mr Yeaman: Correct.

Senator WATT: So, all up we're now looking at a $4.5 billion program. Over what time period does the department expect that $4.5 billion will be allocated?
Mr Yeaman: The original intention was always that it would be a 10-year rolling program.

Senator WATT: So, it's another 10-year program?

Mr Yeaman: Yes.

Senator WATT: It may be in this table, but do you have a list of all the projects that will be delivered under the program?

Mr Yeaman: All of the projects that have currently been identified.

Senator WATT: They're in that table that you've already given us?

Mr Yeaman: Yes.

Senator WATT: I think that question on notice that you answered, No. 393, only shows projects up to the 2019 budget and doesn't include any projects announced during the election campaigns.

Mr Yeaman: That table should be inclusive of all election projects.

Senator WATT: We just had a quick look at that table, which basically sets out all of the infrastructure program. One of the things I've been trying to establish for some time is the year that some of the projects in Northern Australia will start receiving funding. There's been a number of projects—for example, the Rockhampton Ring Road, and there are other examples—where previously there has been no commitment as to the year that funding would begin flowing. We notice that this table we've now got today does give some dates, some years. For instance, with the Mackay Ring Road Stage 2, which the government announced and campaigned on during the election, what we now know for the first time is that the first year that any of that $280 million will flow for that project is 2025-26. Minister, is there any reason that people in the Dawson electorate weren't told earlier that their Ring Road Stage 2 project wouldn't be receiving any funding for another six or seven years?

Senator McKenzie: I'll have to take that on notice.

Senator WATT: You'll take on notice why they weren't told that?

Senator McKenzie: My understanding is there's the process that's been going on. We've got a rolling program of infrastructure investment—

Mr Yeaman: My colleague Ms Rosengren may be able to speak to that project specifically. I just would reiterate the point I made at the start of the hearings that these are our current indicative profiles. Obviously, if there is scope to move the project forward, the government has said it wants to consider those opportunities, and they could be revised as part of the MYEFO process. But with those caveats—

Ms Rosengren: This is also a staging part. Obviously the Mackay Ring Road Stage 1 is currently under construction. We're working with Queensland to do some planning and work out how best to integrate Stage 2 and whether there can be early works while we continue with the Stage 1. That is also a staging, and what can actually physically be done—

Senator McKenzie: Usually you would complete Stage 1 before you roll out Stage 2.

Senator WATT: Yes, I get that, but thank you.

Senator McKenzie: I'm just clarifying, Senator Watt.
Senator WATT: We now know that the Rockhampton to Mount Isa corridor upgrade will only receive about $86 million of its total $254 million before 2023. We now know the Alice Springs to Halls Creek corridor upgrade will only receive about $44 million of its $200 million before 2023. We now know the Karratha to Tom Price Corridor upgrade, which I'm sure Senator Sterle is interested in, will only receive $55 million of the committed $310 million before 2023. Minister, for all the talk about $100 billion infrastructure programs, why haven't people heard until today that many of these projects won't receive funding till after the next election?

Senator McKenzie: As we've made clear today, this is a rolling program of $100 billion worth of infrastructure investment across the country. The project you just mentioned earlier—Stage 2 is obviously going to be completed after Stage 1. If we finish Stage 1 quicker, then we can start Stage 2 at an earlier date. We're really keen as a government to get these projects rolled out as quickly as possible. Everything you've heard today goes to that end.

Senator WATT: Can I just ask about another particular project, the Jabiru Road upgrade in the Northern Territory? Page 4 of the big table you tabled today includes a funding profile for this project, valued at $70 million. That document is current as at 1 August 2019. The funding profile for this project in this table has zero dollars allocated in 2019-20, 2020-21 and 2021-22, and the $70 million is then projected to be spent in 2022-23. You wouldn't be aware of this but today in question time in the House of Representatives the member for Lingiari asked the Prime Minister a question about the Jabiru Road upgrade. The question was:

How does the government expect to unlock the full potential of Kakadu National Park when it's pushed back the start date for upgrades of roads in Kakadu National Park to beyond the next election? When he was asked, neither the Prime Minister nor the environment minister could answer specifics about this, but I'm told that at the end of question time the Prime Minister gave additional information, which perhaps your department helped prepare. That was that on 13 September this year the tender for this project was awarded to Aurecon, an engineering design and advisory company, which will lead preparation of the Kakadu Road Strategy, which will guide investment of the $70 million roads package, and they will work in a consortium with PwC, Pavement Management Services and PwC Indigenous Consulting, beginning the work immediately. The roads strategy will be developed in consultation alongside the tourism master plan with a view to improving road safety, visitor access to key sites, ensuring that investment in roads and access complements the planned upgrades to visitor infrastructure across Kakadu. Can you update the committee as to how or why a contract was awarded in September this year with no funding to flow until 2022-23?

Ms Rosengren: Our funding is related to the delivery of roads. Obviously this contract is to develop the roads strategy as part of that broader tourism package. Until that strategy is developed, we don't know which roads will be needed to be developed. There's an element of this preplanning before we get to the actual scope of what our contribution will be for.

Mr Yeaman: As that work is concluded, we will amend our profile. This was our first initial cut. Until quite recently in discussions with the Northern Territory government there hadn't yet been agreement to the final terms of how that project would be brought forward together. We now have that. So now I suspect in MYEFO we'll update that profile with the
latest information we have. If it can be delivered sooner, the money will come forward. It's partly a timing issue, I think.

Senator WATT: So, this tender has been awarded to Aurecon to begin that work, and the year that funding is provided may or may not change depending on that work?

Mr Yeaman: That is correct.

Senator WATT: Chair, did you want to advise people what we're planning to do in terms of the program?

CHAIR: We've just agreed a small change of schedules to allow for departmental staff and agency staff to catch flights. After this section of Infrastructure Investment, we're going to move to WSA Co Ltd and then Infrastructure Australia and then National Faster Rail Agency. Is everybody happy with that? Hopefully that will allow for those people to still make their 6 pm flights. Senator Watt, if we have a pause, could Senator Rennick ask a question?

Senator WATT: Yes.

Senator RENNICK: With respect to the Roads of Strategic Importance—that was only announced in last year's budget, about 16-17 months ago?

Mr Yeaman: The vast majority of the corridors and projects were announced in the 2019-20 budget.

Senator RENNICK: When you have to go ahead with the works, is it fair to say that you have to do a lot of surveying of roads and so on to work out the design and the engineering processes?

Ms Dacey: As we talked about, one of the explicit underlying program logics of the ROSI is that it provides a long-term pipeline of funding for these corridors that have been identified. In addition to the question you were just asking on any given project for any given reason, the answer would be, yes, but the intention was never to sort of mass deliver on day 1.

Senator RENNICK: I realise that. I suppose that's what I'm getting to. You have to do surveys. You have to get plans approved.

Ms Dacey: That is correct.

Senator RENNICK: You have to order materials. You have to recruit staff. You would have to do soil testing. You would have to liaise with the council.

Ms Dacey: Yes.

Senator RENNICK: You would have to liaise with state governments.

Ms Dacey: You want to be staging the projects along the corridor for maximum delivery effectiveness.

Senator RENNICK: It's probably fair to say it would be a bit irresponsible just to start putting a bulldozer down a road without having done plans, surveys, soil testing, giving proper notification and everything like that. There is also a lot of roadwork being done on the south end of the M1, the north end of the M1, the Sunshine Coast area, the Bruce Highway, Gympie, Toowoomba Bypass, all of the extra road work out at the Warrego Highway, Mackay Ring Road and so on. I imagine it also takes time to recruit stuff. Would that be true?

Ms Dacey: There is a number of factors. Sequencing project delivery so that you're not calling on scarce resources already is one of them.
Senator RENNICK: That's right. With regard to safety, state governments would have various safety rules in place as well—

Ms Dacey: Absolutely.

Senator RENNICK: —in terms of road planning and so on. That would take a lot of time, I'd imagine?

Ms Dacey: Absolutely.

Senator RENNICK: We wouldn't want to rush into it, like with the pink bats debacle, and see people hurt, would we?

Ms Dacey: That's correct.

Senator RENNICK: Thank you. So we have a better understanding of why it's taking a little bit of time, because those roads are strategic. I can see here with the Cairns to Northern Territory border upgrade that the spending is forecast to step up from $1 million to $8 million by 2022-23. Cooktown to Weipa corridor will step up from $4 million to $32 million over the forward estimates. For Mount Isa to Rockhampton the spending is going to increase from $4 million to $52 million. For the Tennant Creek to Townsville corridor upgrade, spending will increase from $4 million to $34 million over the forward estimates. Last but not least—Andrew Martin, the local Mayor of Tambo, would be happy to see this—spending on the Springsure to Tambo Road will increase from $2 million up to $17 million over the forward estimates. That's what's in your spreadsheet today; is that correct?

Ms Dacey: Yes.

Senator RENNICK: Excellent. It looks like there will be some money put into the Roads of Strategic Importance very soon.

Senator WATT: We've got a few questions about specific projects. I'll try to get through these as quickly as I can. I will start with the Princes Highway. Obviously that project spans New South Wales, Victoria and South Australia. On 1 April this year, the Prime Minister made a joint announcement with the then Liberal Party candidate for the seat of Gilmore, Mr Mundine. That announcement was that the government had committed $500 million for the Princes Highway in New South Wales. Mr Mundine said at the time, 'We're very pleased that in the budget there will be half a billion dollars to be allocated from the federal government to the Princes Highway.' I've had a look at Dr Kennedy's old table—and I'm assuming that this is reflected in the new table we got today. But in actual fact only $50 million—or 10 per cent of the total—will be spent over the forward estimates. Only $35 million—or seven per cent—will be spent in this term of parliament, assuming the election is in mid-2022. Has any consideration been given to bringing forward works on the Princes Highway in New South Wales?

Dr Holm: The project that's been identified within New South Wales, and that $500 million, is the Milton-Ulladulla Bypass. The New South Wales government has the current status of that project as detailed scoping. So, they've identified a corridor, which goes inland of Milton and Ulladulla. They have not yet commenced land acquisition, but they do have that corridor identified. The detailed engineering and so on has not yet taken place. In terms of the funding profile, it would be aligned with that early stage of the planning. As I said, it's at a scoping level, where they've reserved the corridor.
Senator WATT: And $300 million for this project is allocated to the Victorian section of the Princes Highway over 10 years. But again only $30 million, or 10 per cent, is allocated over the forward estimates, and only $15 million, or five per cent, is allocated during this term of parliament. Have any projects been identified in Victoria?

Mr McClure: The Victorian government has identified some early works on both the eastern and western sides of the Princes Highway corridor through Victoria. With our profiles what I think needs to be understood is that they get updated twice a year, at MYEFO and budget. We provide our best estimate based on the information we have at any given time. When we've just had a project go through budget or go through an election commitment where we haven't had the opportunity to negotiate with the states, we put them in the program, we put some indicative numbers in, and then we talk more to the states. If Victoria were able to deliver projects on that corridor more quickly—we'll bring the funding forward to match that. That's just the nature of the program. We update project allocations based on milestone timings when we get advice from the states a couple of times a year. It's never set in stone and, as I said, they're very fluid, our allocations, based on progress with projects and progress with the planning.

Senator WATT: So we have no idea at this point when construction will start on those?

Mr McClure: As I said, I expect that there will be some early works by around the middle of next year.

Senator WATT: And the eastern and western sections, you said?

Mr McClure: They're looking at both sides for some projects; that's right. There is separate money on the Princes Highway. Work has already been going on. Again, it's a matter of staging the new commitment on the Princes Highway with the duplication works that were already underway.

Senator WATT: The Deputy Prime Minister and the member for Wannon, Mr Tehan, announced on 18 March this year that the government would spend $80 million for a number of upgrades in southwest Victoria, including the Princes Highway west from Colac to the South Australian border, the Henty Highway, the Portland-Nelson Road and the Portland-Casterton Road. Is any of this $80 million coming out of the $300 million allocation for the Princes Highway?

Mr McClure: Under Roads of Strategic Importance there's the Green Triangle Project. A couple of those roads you mentioned—certainly the Henty Highway—have funding under that program. The Princes Highway money is purely for the Princes Highway. But there is a commitment to look at spending some money—around $80 million—in the Warrnambool-Port Fairy area of the Princes Highway. That's part of the works that Victoria is developing up.

Senator WATT: When do you expect those three projects to get underway?

Mr McClure: The expectation with all Victorian ROSI projects is that we're going to have project proposal reports by the end of this year. There are some specific projects and there are some corridors. For the corridors, it will basically identify priority sections that Victoria is recommending the funding be focused on. But that project proposal report will then give us a...
better understanding of how the program might be rolled out and the timings of the first of the works. I don't really have a date for those as yet.

**Senator WATT:** So, $200 million has been allocated to the South Australian section of the Princes Highway? Is that right?

**Ms Rosengren:** That's correct.

**Senator WATT:** Again, only 10 per cent—$20 million—is allocated over the forward estimates and only $10 million, or five per cent, is allocated during this term of parliament. Have any projects been identified in South Australia yet?

**Ms Rosengren:** There's work underway defining a scope for some work between Port Wakefield and Port Augusta looking at possible duplication. That's still in its early stages. We're waiting to hear back from the South Australian government on what their priorities in that area would be.

**Senator WATT:** Are there any approximate dates for commencing construction?

**Ms Rosengren:** Not at this stage.

**Senator WATT:** So, no real idea at this point about when they'll be ready for construction?

**Ms Rosengren:** No. As I said, we're still scoping and defining what can be done within the available allocation.

**Senator WATT:** I turn to some in Queensland, in particular the Pacific Motorway upgrade Daisy Hill to Logan Motorway. Under the current timetable, when do you expect that upgrade to be completed?

**Ms Rosengren:** I don't have a date for completion. I can say that the business case is due to be developed by late 2021.

**Senator WATT:** Sorry? A business case by late 2021?

**Ms Rosengren:** That's correct. Again, as you'll be aware, there's a lot of work on the M1. It's also a staging, moving along the roadway.

**Senator WATT:** Again, I can see here that funding for the project doesn't begin to flow until at least July 2024, which is two years after the next election. That's still the case?

**Ms Rosengren:** As I said, we'll know more once we get the business case. That's the next phase that we need to go through.

**Senator WATT:** When the Prime Minister announced this on 1 April, as usual there was lots of spin. He was going on about, 'I've seen traffic banked up for kilometres. That means we have tradies sitting in traffic when they could be earning money, we have parents missing out on time with their kids, and we have truckies who can't get freight to their customers on time.' But apparently we won't see a business case for this project until late 2021, and who knows when construction will start.

**Senator McKenzie:** My advice is that we're waiting for the state government to give us the information we need to get going. We want to see people getting home safer and sooner. That's been the whole focus particularly of our congestion busting programs but right across our infrastructure spread of initiatives.

**Senator WATT:** So, again, it's the old 'State government ate my homework' excuse?
Senator McKenzie: No, it's actually the reality of the Federation that we're blessed with.

Senator WATT: That the state government eats your homework?

Senator McKenzie: No, that we're partners in delivering infrastructure that Australians deserve and their taxes pay for. Therefore, when you are in any partnership you're required to come to the table, have a conversation. We do our bit, they do their bit, and then Australians get what they want.

Senator WATT: When the Prime Minister is going around the country expressing concern about tradies sitting in traffic, parents missing out on their time with their kids, when he says 'We're getting in and fixing this', why doesn't he say 'in about four or five years time'?

Senator McKenzie: He can only really comment on our area of responsibility. When he says 'we're getting in and fixing it', we're making the decisions, we're providing the funding envelope, and we're doing our end of the bargain.

Senator WATT: In five years time?

Senator McKenzie: And therefore there's a range of things that state governments need to also do so that we can get the thing built.

Senator WATT: Don't you think it would be more honest for the Prime Minister to say, 'We're getting in and fixing this in 2024 after the next election'? Wouldn't that have been a bit more honest?

Senator McKenzie: No, I think honestly the PM and the DPM, when it comes to these sorts of announcements, live in hope always that they will have a state government that's ready and willing to partner with them to deliver for Australians.

Senator WATT: Don't you think it would be a bit more honest to tell people in Mackay, 'We're going to do the Ring Road Stage 2 in 2025', or whatever it is, rather than generating this expectation things are going to be happening sooner?

Senator McKenzie: We've already dealt with the ring road around Stage 1 and Stage 2. I think you'd be the first one complaining if we decided to build Stage 2 without finishing Stage 1, and rightfully so; that would be irresponsible.

Senator WATT: You don't think it's more honest in Cairns, in the electorate of Leichhardt, to tell people that you're committing $180 million towards the Cairns Southern Access Road but not until 2023?

Senator McKenzie: I think we can go into the detail of the funding profile for you on the Cairns project.

Senator WATT: I'll come to that, but just to close off the M1—the Pacific Motorway—

CHAIR: Did you have a question on that? We could get an answer on that right now.

Senator WATT: Why don't I just finish off the M1 and then come to Cairns. With respect to the M1, the Pacific Motorway, Daisy Hill to Logan Motorway, is there any consideration to bringing this project forward?

Ms Rosengren: What we are doing will depend on what comes through in the business case—so, looking at the scoping. There's already a series of works underway on the M1. I understand there's a sequencing time to make traffic flows work effectively along there. If
during the business case process the Queensland government can bring forward an accelerated program, we would certainly be willing to look at that.

Senator RENNICK: You'd see the roadworks at Logan and Tugun when you go down there?

Senator WATT: I sure do. I see them all the time.

CHAIR: Can we give Senator Patrick a go?

Senator WATT: Did you want me to cover off Cairns, just quickly?

CHAIR: Yes.

Senator WATT: As to the Cairns Southern Access Road, this is another one. The government has committed $180 million towards this project, stage 5. Again, the funding doesn't begin to flow until well beyond the forward estimates, with the first funding allocated in the 2023-24 financial year. When do we expect to see construction actually start on this project?

Ms Rosengren: At this stage we're still waiting to get the proposal report from Queensland. Again, it's another staged process, and there's lots of work already underway in Cairns. It's a staging process. Once we get that project proposal report, which is expected in the next year from Queensland, we'll have a better idea of timeframes.

Senator RENNICK: We're waiting for the Queensland state government; is that right?

Ms Rosengren: We are waiting to get a proposal report from Queensland.

Senator McKenzie: Who's responsible for that?

Senator WATT: That's fine, but if that's going to always be your excuse—

Senator RENNICK: It's not an excuse.

Senator WATT: Why do we go through election campaigns where we see the Prime Minister running around the country in his baseball cap splashing money around, promising people road upgrades and never saying that it will take five years, six years, seven years and that it is subject to the state government and this and that? I would have no problem if he was quite honest with people. But why is he loose with the truth about when people are going to get their infrastructure projects?

Senator McKenzie: You finally got there. You got your catchphrase in.

Senator WATT: You think it's funny—

Senator McKenzie: No, I don't.

Senator WATT: that the Prime Minister is going around the country misleading people.

Senator McKenzie: I've already answered your question. The Prime Minister and the Deputy Prime Minister, when they're making announcements in this space, are hopeful for a willing partner that's ready to get the work done, provide for it in their own budget, and get the appropriate approvals going so we can get the shovels in the ground and the diggers out to local communities. In some instances, that works. In some, and far too many, I would suggest, it doesn't.

CHAIR: Perhaps we could give Senator Patrick a go.

Senator WATT: Sure.
Senator PATRICK: Ms Spence, in the previous estimates—I think it was budget estimates, so it must have been just before the election—we were talking about security requirements that have been placed upon regional airports in respect of screening. Do you recall the conversation?

Ms Spence: Yes.

Senator PATRICK: The problem is, of course, that the government has imposed a security requirement on regional airports. They have offered $50 million to assist with the screening equipment, but are not paying for the ongoing operating costs, which are somewhere between $560,000 and 730,000 per annum typically. That has to be borne by the regional community, at this stage. In an answer to the dialogue we had last time, you said: In light of issues raised, the department will work with the Department of Home Affairs and industry to conduct up to six case studies to assess the financial impact of the enhanced aviation security requirements on regional airports and, where possible, the flow on impact to the local communities. The airports, from across a number of states, will be selected based on varying passenger and flight departure profiles.

Ms Spence: Whilst I could answer at a high level, the officers who are best able to answer those questions actually come from our Aviation and Airports Division. They're actually scheduled to come on later on this evening.

Senator PATRICK: I will wait. Sorry. We're now in the zone. That's what I'll be asking about.

Senator STERLE: I turn to New South Wales and the M1 Pacific Motorway extension to Raymond Terrace. We seem to have been talking about this project for a long time. Has any consideration been given to bringing this project forward and getting construction underway in this term of parliament?

Dr Holm: The M1-Raymond Terrace project is still in the development stages. We're in close discussion with the New South Wales government on that one. At this point in time it's not one of the ones that we're looking to accelerate.

Senator STERLE: That is fine. Under current funding scenarios, when do we expect this project to begin construction?

Ms Dacey: Just while Dr Holm is looking for that, I have a piece of advice that says there is something called an Outer Newcastle Study being developed by the New South Wales government, and that will be an important input into this process. We are working, as Dr Holm said, with Transport New South Wales. I gather that the network issues are being crystallised through that study.

Senator STERLE: I've got no problem. I asked the question. Just say yes or no. I'm not attacking you. That's fine. Let's get rolling. We're how many hours behind now? I'm not being rude.

Dr Holm: I've found my notes. The EIS for that project is scheduled for release in 2020 calendar year, with construction expected to start in 2023 and be completed in 2027.

Senator STERLE: There's 12 months in 2020, but—

Dr Holm: What we expect to see is that the development project proposal report will be received by the end of this calendar year. We have a couple of months to get that.
Senator STERLE: Sometime in 2020 you'll release—

Dr Holm: The New South Wales government prepares the EIS. They will put that on exhibition through department of planning in New South Wales.

Senator STERLE: As you said, hopefully by 2023 some construction should start?

Dr Holm: That's our expectation. That's the advice we've got.

Senator STERLE: Now the easy question. When do you think it will be completed?

Dr Holm: 2027 is our expectation. It's a pretty significant piece of work.

Senator STERLE: Let's go to Hawkesbury River Third Crossing. The government has committed $200 million to the project, I am told, but only $30 million will flow through the forward estimates? Is that correct?

Dr Holm: Just while I pull up the schedule, we're expecting the development project proposal report in February of next year. So, $5 million is committed in 2020-21, $10 million in 2021-22, $15 million in 2022-23, and then a fairly strong tail, 2023-24, $70 million. And then $50 million and $50 million through to 2024-25 and 2025-26. 2025-26 is where it's expended.

Senator STERLE: When do we expect the project to actually get underway? Two years time or is it three?

Dr Holm: The planning approval we would expect at the end of 2021. Obviously the construction is then going to be informed by that process. Obviously as the New South Wales government is coming towards planning approval, they've got a detailed understanding of the project, they will be going out to tender and the like.

Senator STERLE: It is dangerous to assume in this game. If there's a $5 million, $10 million and $15 million for 2022-23, am I right to think that the construction really gets underway around 2023-24 with the $70 million injection?

Dr Holm: Our understanding is that the construction would actually start in earnest in 2022. Obviously there's going to be early works, preconstruction activities and so on.

Senator STERLE: So 2021-22?

Dr Holm: Yes.

Senator STERLE: Given that it was announced as a congestion busting project for Hawkesbury residents, when do you think that the project will be complete and delivering capacity and congestion benefits? Is that not till the end?

Dr Holm: Based on the funding profile, the project is going to be complete in 2025-26. From our discussions with the New South Wales government, our understanding is that they're looking to roll that project out in stages. There's the bridge piece of work itself and then there's the supporting road infrastructure on either side of the bridge. I would expect that the local community would experience the benefits of that project prior to the actual crossing itself, because the road network which supports that would also be providing some benefits.

Senator STERLE: Why? Is there an old bridge already there?

Dr Holm: There are two crossings, as I understand it, over the Hawkesbury, and so this is to provide a third supporting bridge.
Senator STERLE: So they could use the new road but the old bridge; is that what you're saying?

Dr Holm: Yes, upgrades of the local road network.

Mr Yeaman: It is more I think about access. So, there are incremental benefits coming through the project.

Senator STERLE: Is it correct that the New South Wales government allocated $7 million in 2018 to undertake planning for the crossing? You've talked about planning approval by 2021, for which the Commonwealth is chipping in $5 million. I'm led to believe the New South Wales state government has offered $7 million last year?

Dr Holm: The New South Wales government?

Senator STERLE: Yes, from New South Wales.

Dr Holm: I don't have that information at hand, sorry.

Senator STERLE: If someone could come back to us later and let us know. Unless someone else behind you knows, if there is a flurry of activity, which we normally see? No, it's all gone quiet again. Don't stress on it.

Mr Yeaman: We will see what we can find. I do recall there was some earlier planning work done by the New South Wales government on the bridge.

Senator STERLE: Early in the state election?

Mr Yeaman: I don't know the timing. I just know there had been some previous work done, but we'll need to dig out the details.

Senator STERLE: I'm told there's $7 million that was offered up to undertake the planning of that. Have you given any consideration to bringing it forward if the state has already tipped in or committed $7 million?

Dr Holm: If I could take that question on notice?

Senator STERLE: Yes. Let's go to Victoria. I'll head towards the South Geelong to Waurn Ponds rail upgrades stages 2 and 3. So, $50 million was committed for this project in 2018, and another $700 million in the budget? Is that correct?

Mr McClure: That's correct.

Senator STERLE: When do you expect construction of this duplication to get underway?

Mr McClure: Again, this is a project that is fairly complex, and the Victorian government is going through the planning stage at the moment. It's going to be delivered in a number of stages. We haven't got the real detail yet. There was some planning work done. Now there's been more detailed work done. Our expectation is that we'll get advice from Victoria probably early in 2020 on the timings, the alignment and the costs. I haven't got a specific timeline for you at the moment.

Senator STERLE: I'll save you some time and me some pain. If you don't know, that's fine.

Mr McClure: No.

Senator STERLE: I probably know the answer to my next question. You're not going to be able to tell me when the services are expected to begin?
Mr McClure: No.

Senator STERLE: What are you waiting on? The state government?

Mr McClure: As with all our projects, the state government leads the planning and design work. So, yes, we are waiting for them. Obviously the project interlinks with a few other projects in Geelong rail area.

Senator STERLE: This goes back to my earlier question. Did the state government request this one as a matter of urgency?

Mr McClure: This is one that Victoria has flagged that they might look to try to accelerate and bring some money forward. It will depend on what the outcomes of that business case work is, but certainly if they're able to start it sooner we can look at the funding profile accordingly.

Mr Yeaman: It's certainly a joint priority.

Senator STERLE: It is a top priority? But it was only announced in the 2019 budget, correct?

Mr McClure: The bulk of the money was in the 2019—

Senator STERLE: It's Victorian's preference to get on with it, but they've got to come back to you?

Mr McClure: That's the next step, yes, a detailed business case.

Senator STERLE: Can I go to the Goulburn Valley Highway Shepparton Bypass, stage 1.

Mr McClure: Some $208 million has been committed to that project, which was a 2019-20 budget commitment. Again, it's in that sort of early planning, scoping, development phase. We don't have a firm—

Senator STERLE: It's been on the radar for a while, this one?

Mr McClure: Certainly it's been on Victoria's radar for a while. It might be one where the planning's a little further progressed.

Senator STERLE: Do you know how long it's been on the federal radar or has it just popped out in the budget?

Mr McClure: The money got committed in the 2019-20 budget.

Senator STERLE: I've been told there is only 18 per cent of the $208 million that has been popped out in the budget. When do you expect the project to begin construction?

Mr McClure: I don't have that firm date and I wouldn't like to quote a firm date. The project proposal report, with most of the Victorian projects, we're expecting by the end of the year. That will give us a pretty strong idea of the timeline of the project.

Senator STERLE: Can you tell us what benefits will flow as a result of this stage in terms of safety, travel times and urban amenity?

Mr McClure: The project involves a bypass of Shepparton. The big benefit will be taking the heavy vehicles that flow along that route out of Shepparton. Three will be amenity improvements in the town and for the freight operators productivity benefits through the
bypassing of the built-up area. There will be greater travel reliability and better travel time savings from the bypass.

Senator STERLE: We've got all that. We know that. But we don't know when it's going to start construction?

Mr McClure: Again, the timing of the Australian government commitment, which was in the budget this year, allowed Victoria some certainty of funding. They kicked off the more detailed design work with the surety of funding, and then they'll come to us with the outcomes of that over the next couple of months.

Senator STERLE: So it's clear to me, there's ongoing meetings and conversations going—

Mr McClure: We talk to the Victorian officials daily about different projects.

Senator STERLE: So, it's not stalled?

Mr McClure: None of these projects are ever stalled.

Senator STERLE: Sleeves are rolled up and everyone is dying to get into it? That is great.

Mr McClure: In Victoria in particular there's a lot of energy around this.

Senator STERLE: That's fantastic. Would you be able to tell us when you expect the first stage to be completed?

Mr McClure: I don't have dates around construction at this time.

Senator STERLE: Do you have a time when you expect all four stages to be completed? Only because I know it keeps getting mentioned further out and further out.

Mr McClure: What tends to happen is that people are a little bit optimistic with timelines and then we get held to account in these sessions, when the design actually attributes different times. Vaguely it's meant to be finished in around 2025-26, but I don't like to be held to those things when we haven't seen the business case.

Senator STERLE: That's not a problem. Let's go down to the Mornington Peninsula. I am getting close. I only have one more state to cover after this one.

Mr McClure: Is this the Jetty Road, Mornington Peninsula Freeway intersection upgrade? There are a couple of projects.

Senator STERLE: Yes, the Jetty Road, Mornington Peninsula Freeway.

Mr McClure: I will sound a little bit like I've said for the last couple of projects.

Senator STERLE: Same deal?

Mr McClure: It's a 2019-20 budget commitment. We're still waiting for the project proposal report. We expect that to come through fairly soon. Indicatively, we are expecting the project to be finished around 2023-24.

Senator STERLE: So, sleeves are rolled up. Just waiting for the state government to come back? Still not there yet? Nothing's changed?

Mr McClure: As I said, the nature of these projects is that, once they get a funding commitment and the work starts, there's a fair bit of work to get to the point where construction can start.
Senator STERLE: So, we've got $5 million for the immediate roundabout and pedestrians; is that right? These are the listed three components of work; is that correct? He said it's $5 million for the immediate roundabout and $5 million to install noise reduction barriers on the Mornington Peninsula Freeway?

Mr McClure: I haven't got quite that detail here, but I could check that for you.

Senator STERLE: So, $60 million in federal government funds to construct a full freeway overpass at Jetty Road? If you haven't got the details there—

Mr McClure: I'll take that on notice, if I could? As I said, there are a couple of projects.

Senator STERLE: If you haven't got it, I can't ask the other questions. If you haven't got it in front of you, you don't know.

Mr McClure: There's two components. There's a $10 million commitment and then there's a $65 million commitment through the Urban Congestion Fund. There's a couple of components to the work on the Mornington Peninsula Freeway.

Senator STERLE: There's $65 million and $10 million?

Mr McClure: Yes.

Senator STERLE: All up it's a $75 million—

Mr McClure: There are two components. They're concentrating on different parts of that freeway. There is a couple of commitments there, both in the earlier stages of development, having funding committed through the 2019-20 budget.

Senator STERLE: Let's skip straight to the Northern Territory and then we can wrap this bit up. What is the process to decide what sections or roads or bridges are undertaken each year in the various road corridors in the NT?

Ms Rosengren: Under the bridges renewal program, if you're talking about that? I might actually pass—

Senator STERLE: I'm talking about the road corridors.

Ms Rosengren: The road corridors? So, the ROSI corridors? We engage with the Northern Territory and the councils to find out what their priorities are along the corridors within the Northern Territory.

Senator STERLE: Is there a prioritisation process for such sections?

Ms Rosengren: Sorry?

Senator STERLE: Is there a prioritisation?

Ms Rosengren: There is a prioritisation.

Senator STERLE: You just take everything from the councils?

Ms Rosengren: No, obviously we're talking very long distances. The allocations aren't sufficient to cover the entire road so, yes, there is a prioritisation process.

Senator STERLE: Could you tell us which sections of roads or corridors are scheduled to be done in the next two years?

Ms Rosengren: A couple of the projects I have already mentioned. The Mango Roads—

Senator STERLE: You've mentioned them already. That's okay. You've gone through them.
Ms Rosengren: I have already mentioned three that are getting under way in the next year.

Senator STERLE: Are there any bridges that you haven't mentioned?

Ms Rosengren: The bridges are done under a separate program. I don't have the details here. I'll take that on notice.

Senator STERLE: That'll do, thanks. That's fine.

CHAIR: Thank you very much.

Senator STERLE: That didn't hurt, did it?

CHAIR: It didn't hurt much at all. That's terrific. Thank you. If everybody's happy, could we move to WSA Co Limited, please, and Western Sydney Unit? Could we do those together, please? Thank you all very much for your time today.

Senator McKenzie: As we're having these two together, one is an independent entity, with its own board, the other obviously the department can answer policy questions.

Senator WATT: We have one bracket of questions for WSA Co Limited. We didn't actually call them. I don't know if there were others?

Western Sydney Airport

[17:26]

CHAIR: I now call representatives from Western Sydney Airport. Do you wish to make an opening statement?

Mr Millett: Yes. Thank you for the opportunity to speak to you today. As the chief executive of Western Sydney Airport, I'm proud to come before the committee today to represent what I believe is one of the most significant infrastructure projects in Australia. We're not only building Sydney's new airport to provide much-needed international, national and also freight aviation capacity in Sydney, but first and foremost we're building Western Sydney International to create local jobs and to provide a catalyst for the Western Parklands City. I'm pleased to report that since construction of Western Sydney International (Nancy-Bird) Walton Airport began in September 2018 we've made very significant progress. We've moved 1.5 million cubic metres of earth to date, while working on only six per cent of the site. We've awarded our first major works contract. That's major earthworks, which will begin early next year. We've commenced market sounding for the terminal construction, with a tender due mid-2020, with market sounding activities that will shortly follow thereafter. We're also looking at pavement works around the runway, aprons and taxiways.

We're in the final stages of appointing a design architect for the terminal building following a global design competition which we ran earlier in the year. We now have initial concept designs that we're currently assessing with a view to finalising those in the next two to three weeks. In a tremendous vote of confidence for Western Sydney International, we have signed MOUs both with Virgin and Qantas and we will soon be announcing further MOUs with other major airlines. We've also signed 11 MOUs with major freight operators, who are assisting us with the design of the freight facility. There's a lot of work ahead of us, but the project is on track to begin full operations at the end of 2026. Thank you.

Senator FARUQI: I'd like to confirm that both Western Sydney Unit and Western Sydney Airport Corporation are here?
Mr Millett: Yes.

Senator FARUQI: There is a little bit of confusion as to who can answer what. I might start with my first question, which is about the Western Sydney International Airport Experience Centre? I think you would agree that most of Australia was very amused by the opening of this Western Sydney International Airport Experience Centre and in particular the inability of the Prime Minister to articulate why people would want to go to this facility to view trucks digging up earth. What is the purpose of this experience centre?

Mr Millett: The experience centre is at the forefront of our community engagement program. The intention of the centre is to enable the local community groups to visit the centre, to understand the history of the area in which the airport is being built, to understand the rationale for the construction of the airport and to understand how it will transform the region both from the perspective of jobs and general economic activity over coming decades.

Senator FARUQI: How much did it cost to build?

Mr Millett: Western Sydney Airport contributed $5 million and the department contributed, in like, for a total cost of $10 million.

Senator FARUQI: The centre cost $10 million to build?

Mr Millett: That's correct.

Senator FARUQI: How much does it cost to operate it per year?

Mr Millett: We're operating the facility at the moment as a requirement of the deed on Monday, Tuesday, Wednesday and Thursday. It's very early days yet. I'll take the question on notice if I may and come back to you with the current cost.

Senator FARUQI: How many staff have been employed to date to run the centre?

Mr Millett: For the centre we have two permanent staff.

Senator FARUQI: You said $5 million came from the federal government?

Mr Millett: That's correct.

Senator FARUQI: And $5 million from state?

Mr Millett: It's $5 million from the airport.

Senator FARUQI: What are the visitor numbers of the facility at the moment?

Mr Millett: The facility officially opened on 2 September and since then we've had over 1,000 visitors to the site.

Senator FARUQI: How many of those are tourists and how many of those are locals?

Mr Millett: I'll take that question on notice. We will be able to answer it, because we log the details of all of the visitors who come in. I'll come back to you on that question.

Senator FARUQI: Do you know how many of the visitors have been schoolchildren?

Mr Millett: A small number to date. We're planning for larger school groups early next year once we've bedded down the operation of the facility.

Senator FARUQI: You can give me the breakdown of locals and tourists alike?

Mr Millett: Yes, I can.

Senator FARUQI: You said this was a community engagement centre?
Mr Millett: That is correct.

Senator FARUQI: Do you hold community consultation there as well?

Mr Millett: If I may, I'll defer that question to my EGM of corporate affairs?

Ms Graham: Yes, we do undertake community engagement there. We also undertake industry engagement. The facility is used by both the state and federal government departments to look at engagement. It is used by a range of different state and federal government agencies as well as the local councils. Liverpool City Council uses it frequently. Of course, as Mr Millett mentioned earlier, we do have school groups coming through. We have a range of industry groups, chambers and so forth who come there not only to learn about the airport and the surrounding aerotropolis and what's going on there but also just to engage with their own stakeholders and to talk about any of those concerns but mainly just their interest in what is going ahead at the site.

Senator FARUQI: Is it more than just playing promotional videos and augmented reality?

Ms Graham: It's a combination of augmented reality. There is obviously a range of videos. The important thing is there is a vast amount of information from all of the Western Sydney Infrastructure Planning that's going on in the region, all of the motorways, the rail infrastructure that's going on, as well as what we're doing in terms of Aboriginal engagement, local community engagement, the school safety program that we're running. Obviously it is a great opportunity for people just to come and learn about the airport and the history of Western Sydney as well.

Mr Yeaman: One of the reasons the Commonwealth contributed was that we also intend to use this visitor centre as part of our community engagement when we get to the discussion with the community around flight paths as well.

Senator FARUQI: That's a good segue for my next question, which is going to be about flight paths. I understand the flight paths for the proposed Western Sydney Airport won't be released until 2021 or 2022? Is that correct?

Ms Vine-Camp: At the moment, we are in the planning stage for flight paths, of the four planning stages within flight path planning. Yes, the answer to that question is that we expect at this stage to be going out to the community in 2021.

Senator FARUQI: Isn't it a bit unfair on the community to release the flight paths four years after the construction of the airport has begun? You do know that the community is very concerned about where the flights will go, and they have to wait four years to find out whether they will go over their homes or not. Isn't there a way to do it faster?

Ms Vine-Camp: Certainly we have been working very hard with the community up until this point. As you would be aware, there were some indicative flight paths issued with the original environmental assessments—

Senator FARUQI: They're just indicative.

Ms Vine-Camp: That's right. It does take a long time in order to develop flight paths. We have been consulting as we go through. I might pass to Ms Leeming, the person who is leading on this for the department, to give you some more detail.
Ms Leeming: This is a pretty standard timeline for development of flight paths. We actually compare quite favourably with other airports—for instance, Brisbane Airport, which as you probably know has another runway about to operate. They've taken about 10 years.

Senator FARUQI: But that doesn't mean that it's appropriate.

Ms Leeming: It's a very complex task.

Mr Yeaman: The main issues around the complexity are that it's a highly congested basin with the Kingsford Smith Airport and a number of other smaller local airports, which have heavy use of recreational aircraft as well. The concern is there is a highly technical exercise, which we're working closely with Airservices Australia on, to understand what is possible within the basin, how the flights interact and how they can work. Obviously the most critical element is safety for the planes.

Senator FARUQI: Of course. That brings into question the very point of whether the airport should be there. Maybe I could ask some other questions. When the flight paths are finalised by 2021, will there be another consultation process with the community on that?

Ms Vine-Camp: In 2021, we will be coming out to consult with the community as part of an environmental assessment at that point. The community will have the opportunity to put forward their views at that time.

Senator FARUQI: How much of the airport would have been completed by then?

Ms Vine-Camp: By 2021?

Senator FARUQI: Yes.

Ms Vine-Camp: We would be undertaking terminal development at that time.

Senator FARUQI: Do you think at that time it would be the point of no return in terms of flight paths? Would there be flexibility? How would you change flight paths once the airport is almost complete?

Ms Vine-Camp: As part of the work that we are doing with Airservices and with CASA we're trying to understand what is the best way of operating within that congested basin. Through the consultations with the community, we'll be best able to understand how we might be able to move some of those paths as we go through that consultation period.

Senator FARUQI: In 2021?

Ms Vine-Camp: Yes.

Senator FARUQI: So you are able to move paths even though the airport will be almost complete?

Ms Vine-Camp: We will take the community's views on-board and we will do our very best to look at what we can do.

Senator FARUQI: I guess my question is: can you actually do it? Can you actually change the paths once the airport is there?

Mr Yeaman: Within certain fairly hard and fast constraints around safety and what's operational in the space. Once the plane has taken off and reached a certain clearance from the airport, the direction it then takes, what level it travels in the air, whether it turns left or turns right—there is some flexibility around that. Clearly it will be constrained by what is possible within the basin.
Senator FARUQI: I am concerned. As you know, the communities are already tired of consultation that doesn't listen to them and makes changes accordingly. Hopefully it's not going to be a tick-a-box exercise.

Mr Yeaman: It certainly won't be. We and our ministers are certainly well seized of the need to come out early and give as much certainty, but we also don't want to come out early and raise concerns with some people in the community who aren't actually going to be affected, either. It's a fine line to get that balance right.

Senator FARUQI: I think you mentioned transport. What is the public transport plan to connect Western Sydney Airport to the city?

Mr Millett: The airport is working very closely with states and municipal governments. A critical success factor for us is easy access and egress for the airport. The state government has been announcing and has just released an EIS for the M12. It's looking at the upgrading—

Senator FARUQI: Public transport is what I'm interested in. I know the New South Wales government loves its toll roads. But public transport is what I'm interested in.

Mr Millett: I was thinking of the likes of Uber and taxis. But, for trains, I understand that the state government has just released a study showing the North South Rail Link, which is due to open when the airport opens in December of 2026.

Senator FARUQI: But you do know that that doesn't connect to Central Station? It goes to St Mary's and then from St Mary's to Central the line is already at 145 per cent capacity. It will take another hour at least if people get on that line to Central. I'm just concerned because the federal government is putting so much money into the airport. If there is no public transport connection, it doesn't make any sense.

Mr Millett: The north-south connection is a critical part of the overall City Deal and the Western Parkland City Deal. Clearly we'd like as much public transport as possible but, again, that's up to both the federal government and state governments to determine.

Mr Yeaman: I can add to that from a government point of view. The New South Wales government—and we've been working with them on this—are currently undertaking a broader strategic assessment of the transport needs. As you say, the North South Rail Link currently runs from St Mary's to the airport. They're looking at what the future connections look like in terms of through to Leppington and then connecting on into Parramatta and the city, or even North West Metro, and what those priorities look like. As part of that they're also considering what the bus network needs to look like to support the new Western Sydney Airport. That process is coming to a conclusion towards the end of this year and early next year. I can assure you they're very conscious and thinking about how the public transport system—particularly the bus network—complements the rail line, as discussed.

Senator FARUQI: The Metro Northwest project doesn't complete until 2028, as you know. How much money is the federal government putting into these public transport connections, if any?

Mr Yeaman: The Commonwealth government has put $3.5 billion into supporting the Northwest, which is now Metro Greater—

Senator FARUQI: Into the North South Rail Link?

Mr Yeaman: That is the North South Rail.
Senator FARUQI: So $3 billion?

Mr Yeaman: It's $3.5 billion.

Senator FARUQI: It's $3.5 billion and it won't connect to Central Station?

Mr Yeaman: It's on a fifty-fifty basis with New South Wales.

Senator FARUQI: Do you think that's a bit of a waste of money?

Mr Yeaman: There was a deliberate decision taken by the government as part of the Western Sydney Parkland deal that, rather than reinforcing travel patterns back into the central CBD, we should actually try to grow a new spine for the Western Sydney city. It was a deliberate decision to try and support development from the airport through the Western Sydney corridor, as opposed to just reinforcing moves back in. There certainly is discussion underway now in terms of longer term projects. New South Wales is obviously pursuing the Sydney Metro West, which is the first step from the city out to Parramatta, for a faster service. We've started to have early conversations about what the longer term might look like for better connection through to the airport. It was a conscious decision to support the development of the Western Sydney Parkland City.

Senator FARUQI: Have you done some modelling for tourists? Of the numbers projected for this airport a huge percentage will be tourists who will want to go to the city, I'm presuming, to see the tourist attractions there. Was that a consideration in developing your public transport?

Mr Millett: The catchment area for the Western Sydney Airport is approximately three million people. A large number of those people were not born in Australia. Approximately 45 per cent, I believe, is the current number. The opportunity for visiting friends and relatives, as the industry knows it, is very substantial. The opportunity for tourists is very substantial. The airport has both a travel and trade focus—the travel being tourism and business travel; the trade, of course, being freight. We see a very significant opportunity for tourism in the region for the airport's service.

Senator FARUQI: I think the projections for this airport are something like 82 million passengers annually by 2063?

Mr Millett: That's correct.

Senator FARUQI: I think, if you compare it to Heathrow, Hong Kong, Shanghai or Paris Charles de Gaulle, it'll be busier than those?

Mr Millett: That is correct.

Senator FARUQI: Those are extraordinary projections. I just wanted to know more about what modelling has been done about where those passengers are coming from. Do you have any details? You gave me some idea, but that's very broad. Do you have any details on where those passengers are coming from and where they would be going once they arrive in Sydney?

Mr Millett: Yes. We've been doing some work with the International Air Transport Association. Last year worldwide, 4 billion people travelled by air. Within 25 years, that number will double to 8 billion people. However, of note is the fact that, of the incremental 4 billion growth, approximately 70 per cent of that growth is in the South-East Asian region. The projections that we've seen from IATA, not specifically for Western Sydney
International, are that predominantly the growth will come from the South-East Asian countries. That would be Indonesia, Malaysia, the Indian subcontinent, China and Vietnam.

**Senator FARUQI:** You said you haven't done any modelling for Western Sydney Airport?

**Mr Millett:** We've leveraged some of the modelling that IATA has done, which is for the region. We'll be working with IATA over the next two years.

**Senator FARUQI:** That is global modelling. So, there's no specific modelling for Western Sydney Airport about passengers numbers, where they are coming from and where they will go?

**Mr Millett:** There was modelling done as part of the original business case on an in globo basis, but not on a specific country-by-country basis.

**Senator FARUQI:** Could you provide some figures on tourist numbers, what that modelling projects, how many are from within Australia and where they would be going?

**Mr Millett:** I will have to take that question on notice.

**Senator FARUQI:** That is fine. If you take that on notice, I'd really appreciate that.

**Mr Millett:** I'm happy to do that for you.

**Senator FARUQI:** I just have a couple more questions. This question is about the forum on Western Sydney Airport. I understand that this forum has only opened two ordinary meetings to date to the public since it was convened in 2017, and even then the members of the public who attended these meetings were not permitted to speak. I just wanted to check if that is accurate. Do you think that's a good model for community engagement and consultation? It was set up as, I think, a vehicle to promote community engagement.

**Ms Leeming:** We have had nine meetings in total, and two of those have been open meetings. At those open meetings, we take questions from the public via email and we prepare responses. Sometimes those questions are quite detailed or technical, and so we make sure that we've got the right answers for people when they're in the room.

**Senator FARUQI:** Why can't people ask questions at the meeting, if this is a public engagement forum? I think it's pretty terrible to not let them ask questions.

**Ms Leeming:** They can ask questions in the open session that we have before the actual meeting. Before each meeting, we have an open afternoon, and people can go around and ask any member of the team who's there about the project. They can certainly ask questions of anybody on the team, and they do. We had about 85 people turn up at the last meeting we had in Campbelltown in September.

**Senator FARUQI:** My last question is about airport noise. I assume that you are aware of the report titled *Assessment of measured aircraft noise levels under the existing flight paths of Sydney Kingsford Smith Airport with reference to Western Sydney Airport?* The authors are Dr Ancich and Mr Carter.

**Mr Yeaman:** Yes, we are.
Senator FARUQI: As far as I understand it, that report disputes the findings of the EIS for Western Sydney Airport with respect to aircraft noise. I think their work indicates that aircraft noise levels will be three to four times higher across Western Sydney than the EIS predicts. I'm just wondering if you formally responded to that report?

Ms Leeming: Yes, I have written to Dr Ancich and we have met with Dr Ancich and Mr Carter. We have also provided a copy of their report and our response—our assessment of that report—to FOWSA. FOWSA will discuss it at their next meeting in December. We are in touch with those two gentlemen. They also came to the open meeting. Our engagement with them has been constant.

Senator FARUQI: Is there going to be a public copy of that response?

Ms Leeming: It's a very technical report. We could consider some sort of response, but I wouldn't do that until after FOWSA, which is the appropriate forum, has had a look at it, and if they've got any particular concerns we'd need to respond to those.

Senator FARUQI: Could you give the committee a copy of that response?

Ms Leeming: Perhaps after the FOWSA meeting in December.

Mr Yeaman: Yes, probably. I would want to double-check exactly what the content is and whether there is anything in there that would need to be taken out. In theory, yes, we're happy to do that. We have engaged very closely with them. If there's things in our modelling that are not up to scratch, we want to understand that. Our initial assessment of their work suggests that it doesn't invalidate the findings of the original EIS. There are differences in the way they've approached their work and how we approached ours, but there are some comparisons. For example, as a general rule for planes leaving Kingsford Smith essentially they said, 'If a plane is this far out, what's the measured noise from the aircraft for the community?' Our expectation is that planes, at this stage, will be travelling at a higher altitude sooner after leaving the airport than they would be at Kingsford Smith.

Senator FARUQI: Are there different assumptions?

Mr Yeaman: Different assumptions and different practical considerations on the ground between what we expect to occur and what they have measured. We're engaging very constructively with them on it and we take it seriously, but at this stage our view is that it doesn't invalidate the views of the EIS. We'll take that through FOWSA and discuss it in more detail.

Senator WATT: On the matter of aircraft noise, I understand that draft flight paths won't be released for consultation until at least late 2021 or early 2022? Is that still correct?

Mr Yeaman: We did cover those questions for the senator. In short, yes, we expect flight paths will be out to community consultation in 2021. We did cover this in the previous questions.

Senator WATT: Is there any consultation happening now with local councils, Western Sydney MPs and local communities?

Ms Vine-Camp: We are consulting with the local councils now. In fact, we've been out and conducted presentations to councils that have requested it. We regularly communicate with the public through the consultation forums that we have. We describe them as pop-ups.
where we take feedback from the community. There is quite a lot of consultation already occurring.

**Senator WATT:** Which councils have you consulted with and what dates did that consultation occur?

**Ms Leeming:** I don't have that information with me, but we have spoken to 11 councils in total on a number of occasions. It would take a bit of time to pull that together.

**Senator WATT:** Could you take that on notice, the names of the councils and the dates they were consulted?

**Mr Yeaman:** I'm happy to.

**Senator WATT:** Have you met with federal and state members of parliament whose electorates could be affected?

**Ms Leeming:** On request, we do that. I might add that the airport company at the moment is engaging in some consultation, and they might want to talk to that. We've gone along with them and provided some support on issues that are relevant to us.

**Senator WATT:** Do you have the names of the MPs you've met with and the dates that consultation occurred?

**Mr Millett:** Yes, we can provide that to you.

**Senator WATT:** So you'll take that on notice?

**Mr Millett:** We will take that on notice.

**Senator WATT:** I understand there's going to be more detailed consultation in a year or two. In the meantime, how can members of parliament and their constituents get involved in consultation on aircraft noise?

**Ms Vine-Camp:** We actually have a hotline facility where we take calls and requests from people. Also through the FOWSA network there is an opportunity for people to get engaged as well, whether that be by sending information in or contacting a local FOWSA member in order to have their views presented at the meeting. We also have a web page. You just heard about the experience centre. There is an opportunity also for people to come and get some information in the experience centre about the airport itself.

**Mr Yeaman:** If any members of parliament would like additional information, we are of course very happy to come and provide that to them.

**Senator WATT:** That's all we had for WSA Co. We did have questions for the Western Sydney Unit. Is it convenient to do those now? Yes?

**CHAIR:** Could we let WSA Co go, then, please?

**Senator WATT:** The only questions I had for the unit were about the fuel pipeline corridor. I suppose it depends whether I need you guys here for that as well.

**Mr Millett:** What I can tell you about the fuel pipeline is that the state government is responsible for identifying the corridors and they're in the process, I understand, of doing that now. They're discussing with private enterprise the possibility of a pipeline. As you know, the intention with the airport is to, when it opens, truck fuel, which is common in airports. Gold Coast Airport currently trucks fuel. Canberra trucks fuel. Adelaide trucks fuel. We would
need a minimal requirement upon opening, and probably not until the mid-2030s would there be a necessity for a fuel pipeline to the airport.

**Senator WATT:** I probably will only take five minutes on this, if you did want to stick around, but it is your call. Has any consideration been given to progressing the preservation of a corridor for transportation of fuel to the new airport?

**Mr Millett:** I can only say that that's a state responsibility and, as I said earlier, I understand that they are currently investigating that matter.

**Senator WATT:** We obviously are talking about a pretty large number of B-doubles transporting fuel.

**Mr Millett:** To begin with, in fact, our modelling shows that the number of B-doubles would be less than a dozen per day, which in the overall scheme of things is very insignificant for overall truck movements in that area.

**Senator WATT:** My understanding is that Infrastructure Australia has identified that, when the airport reaches full capacity, it could require 50-65 B-doubles per day?

**Mr Millett:** Upon reaching full capacity, that may well be true, but by the time it reaches full capacity there would already have been the need for a fuel pipeline to have been constructed.

**Senator WATT:** Does the department or the company have any concerns that the longer it takes to preserve a corridor, the harder it will be and the more expensive it will become?

**Ms Vine-Camp:** The preservation of a corridor is the responsibility of New South Wales. We have stayed engaged with them, but I might pass to Mr Whalen for further detail on that.

**Mr Whalen:** The New South Wales government, in accordance with the legislation, and particularly in relation to corridor preservation for roads and utilities, is responsible for the identification, securing and preservation of those corridors. At this point in time, the Commonwealth completed its obligation under the airport plan to undertake a strategic-level study into options for the corridor. That was completed and published back in February 2018. We are now waiting on the New South Wales government to move forward with its work to identify that corridor. Our understanding is, at this stage, they have been looking at it. They're looking to run an expression of interest process, but they're also looking at the scheme of the broader development of Western Sydney and what that fuel corridor pipeline may actually mean in terms of uses other than just aviation fuel to Western Sydney. They're looking at it much more broadly than just the airport's needs.

**Senator WATT:** Has any assessment been undertaken of the value that would be added to the completed airport if this pipeline was in place? That would presumably deliver a return on investment when the airport is divested in the future.

**Mr Whalen:** In terms of adding value to the airport in the early days, to build that pipeline there needs to be the demand for the fuel to get the return on the investment by the developer, whoever that may be. Until such time as the fuel quantities for the airport are significantly larger than what they will be for the opening of the airport, our initial analysis that came out of that strategic report identified that it wouldn't be commercially viable for many years.

**Senator WATT:** Was any costing undertaken at the time that the corridor preservation was recommended by Infrastructure Australia in 2016?
Mr Whalen: I'm not aware of any costings being undertaken by Infrastructure Australia. There were costings undertaken in our strategic report in terms of a range of different options to build fuel pipelines to Western Sydney Airport.

Senator WATT: Could you provide those on notice for us, please?

Mr Whalen: Those costings have been provided in the report, which was published in February 2018.

Mr Yeaman: We can provide the details of that.

Senator WATT: If you could provide that, it would be good. Is there any estimate about what the preservation of a corridor would cost now?

Mr Whalen: I don't have those figures in front of me right now, but they are contained in that report.

Senator WATT: They've been updated, have they?

Mr Whalen: They haven't been updated since that report was published.

Senator WATT: So we don't know whether the cost has gone up since then?

Mr Whalen: I don't.

Senator WATT: You've sort of covered this off. Do we have a timeline, then, for when corridor acquisition would begin?

Mr Whalen: Once again, it's a New South Wales government responsibility. They have not provided us with that information at this stage.

Senator WATT: That's it for us here.

CHAIR: Thank you very much. If there are no more questions for WSA Co and Western Sydney Unit then we're going to break for dinner.

Proceedings suspended from 17:57 to 18:58

Infrastructure Australia

CHAIR: Do representatives from Infrastructure Australia wish to make an opening statement?

Ms Madew: Yes, I do. Thank you very much, Chair. I thought I would take this opportunity to introduce myself. I am the CEO of Infrastructure Australia and I am new to the role, as in six months. I started in late April. I just wanted to cover off a couple of things we've been doing over the last six months. In August we released the Australian Infrastructure Audit. We're currently seeking submissions over the next three months which will feed into the 2021 infrastructure plan. The other thing we've been doing is working very closely with all of the jurisdictions on the 2020 Infrastructure Priority List, which comes out in the New Year. Finally, we're working very collaboratively with the I bodies across the states. There is now an infrastructure body in every state in Australia, with Infrastructure WA being the last state to create an I body. We've worked on the audit, plan, the IPL and collaboration. Thank you very much. I welcome your questions.

CHAIR: I congratulate you on coming up with such an exciting name as 'I body'. That's a new one for today. It has made my evening.

Senator PATRICK: Is it anything like Utopia?
Ms Madew: Can I choose not to answer that?

Senator PATRICK: Okay. Fair enough.

Ms Madew: But I do thoroughly enjoy watching *Utopia*.

Senator PATRICK: Last week the Prime Minister announced the upgrade of the Dungowan Dam near Tamworth at a cost of $480 million. That will increase the dam's capacity from six gigalitres to 22 gigalitres. That's an additional 16 gigalitres, costing basically $30 million per gigalitre. Water for Tamworth could be sourced from the existing Chifley Dam or Split Rock Dam. Upgrades to pipes would cost around $80 million. There's an alternative there. Have you considered the Dungowan Dam in the past with Infrastructure Australia?

Ms Madew: I will refer to my colleague Ms Anna Chau.

Ms Chau: Regarding this particular proposal, we haven't actually received a business case for it yet, so it's not one of the proposals that we're currently looking at.

Senator PATRICK: So you haven't done one in the past? You haven't looked at this in the past?

Ms Chau: No. A business case has not been presented to Infrastructure Australia.

Senator PATRICK: So the process is that you do some sort of feasibility study or a business case in respect of this before the money's spent?

Ms Chau: Infrastructure Australia's main role for the Infrastructure Priority List is to assess other people's business cases. The rule for that is that if they are seeking Commonwealth investment in excess of $100 million they are required to prepare a business case, which is submitted to Infrastructure Australia for evaluation.

Senator PATRICK: Will you evaluate that against, for example, alternative propositions to achieve similar objectives?

Ms Chau: Our assessment framework requires two options to be presented against the base case, and that's primarily to demonstrate comparative value for money between options. If a business case is presented to us, we would expect to see two options and a base case.

Senator PATRICK: Just to be clear: you are expecting some sort of business case to be presented to you in relation to the dam project—would that be correct?

Ms Chau: No, we haven't had any engagement on this particular proposal, and it's not currently on our list of expected business cases.

Senator PATRICK: Because it's above $100 million, it's a normal process, an automatic process, to go to you for assessment?

Ms Chau: If the request for Commonwealth funding is in excess of $100 million, it needs to come to Infrastructure Australia for a business case evaluation.

Senator PATRICK: So on the face of it you would expect to do some analysis on this?

Ms Chau: That's right.

Senator PATRICK: You might recall in the past I have talked about Cape Hardy in South Australia. I want to get an update as to whether or not government has been talking to the department in respect of this. Where we've been up to in the past is that it is on the priority project list but appears to be static, as in not moving forward. We discussed in the past what
government might be doing, because it is a commercial venture, to assist in relation to that commercial venture.

Ms Chau: That's right. Cape Hardy is actually known as Eyre Peninsula railway on our Infrastructure Priority List. It is listed as a priority project. I think the last time we spoke we were looking to engage with the state government to see if there is any movement on that and also the private proponent to date. We have called for Infrastructure Priority List submissions, which closed on 31 August. We need to check whether the proponent themselves have made any submissions to us to update what's on the priority list.

Senator PATRICK: And so that comes out, you said, in 2020?

Ms Chau: February 2020.

Senator PATRICK: Have you heard anything from the South Australian government?

Ms Chau: To date, no updates on it at the moment.

Senator PATRICK: You said that you were going to talk to the South Australian government.

Ms Chau: We can raise that with the South Australian government in terms of engagement.

Senator PATRICK: Being very specific: you said you were going to talk to the South Australian government. Is it that you have spoken to them and they've not given any useful information or that you have not spoken to them yet but undertake to do so?

Ms Chau: We have spoken to them regarding the priority list. We probably just need to check whether we have engaged with them on this particular proposal. As part of our IPL update, we would touch base with them to see if anything has changed.

Senator PATRICK: On notice, could you please provide advice as to what happened in relation to that dialogue.

Ms Chau: Yes.

Senator PATRICK: Thank you.

Senator WATT: I have some questions for Infrastructure Australia, but before I get to that there's some late-breaking news. Minister, I don't know whether you've seen this, it's an article on the ABC. I've got copies here. It broke this evening. It says:

Anger has boiled over among federal Nationals MPs during a party room meeting dominated by criticism of deputy leader Bridget McKenzie.

Are you aware of that?

CHAIR: Senator Watt, is this about Infrastructure Australia?

Senator McKenzie: I haven't seen the article.

Senator WATT: It involves the minister's performance in infrastructure portfolios. Minister, you haven't seen that article?

Senator McKenzie: Actually, no, I haven't seen that article.

Senator WATT: Would you like a copy?

CHAIR: Senator, do you have a specific question?
Senator WATT: I do, and it relates to infrastructure. The report, and there are copies here, says:

Backbenchers … were frustrated with her leadership style and have not ruled out a challenge to her position.

One MP said it was a "waste of time" contacting Senator McKenzie because she "never gets back to you", while another said she "couldn't organise a—excuse my French—piss-up in a brewery".

CHAIR: Senator Watt, do you have a question for the minister?

Senator WATT: Have some of your colleagues raised these issues with you, Minister?

Senator McKenzie: No, they have not.

Senator ROBERTS: Chair, how does this help infrastructure?

CHAIR: I'm not sure. Senator Watt, could you come to a question, please.

Senator WATT: I've asked a question there.

Senator ROBERTS: We're trying to help the people of Australia here, not score political points.

Senator WATT: I'm trying to help the people of Australia, as well. It doesn't really help the people of Australia if six months after an election we've got government members undermining leadership roles, just like we saw for the entire past three years. The article continued:

Another Nationals MP said the question of her leadership might have been brought to a head had she been at the meeting.

CHAIR: Senator Watt, I don't believe this is relevant to Infrastructure Australia.

Senator McKenzie: I've been here all day.

Senator WATT: I know. The report makes that point.

Senator McKenzie: As have you been.

Senator WATT: None of your colleagues have raised concerns about your leadership with you?

Senator McKenzie: No.

CHAIR: Senator Watt, do you have a question for the minister with regard to Infrastructure Australia?

Senator WATT: We talked about drought this morning. Infrastructure Australia is involved in drought infrastructure projects. One of the specific concerns seems to be about the way that you've handled drought matters. Again, none of these issues have been raised with you, Minister?

Senator McKenzie: Drought matters are the responsibility of the minister for drought. In my capacity as Minister for Agriculture there is responsibility for the farm household allowance. We've delivered on the outcomes of the review, and I'm sure you'll be examining that tomorrow in the Agriculture estimates.
Senator WATT: What do you say to MPs in your own party who are saying that your leadership is a waste of time?

Senator RENNICK: What's this got to do with infrastructure?

CHAIR: Senator Watt, I think you're speculating on media articles.

Senator McKenzie: I'll address that in the party room. I won't be discussing it here in estimates.

Senator WATT: You'll address that in the party room. It's not very fair for people to raise these issues when you're not in the party room, is it?

CHAIR: It's not very fair for you to raise it at a Senate estimates committee—

Senator WATT: It is actually.

CHAIR: when this is about Infrastructure Australia. These people have stayed late and are now going to drive back to Sydney.

Senator WATT: I've got a whole range of questions here—

CHAIR: Please ask them.

Senator WATT: but if your members of parliament are going to be out backgrounding the media, criticising the minister, that's an entirely legitimate thing to raise here.

Senator McKenzie: Senator Watt, there'll be plenty of time to prosecute both me and my approach to farm household allowance and the drought in the appropriate infrastructure portfolio area.

Senator WATT: We will certainly do that. It's interesting that your colleagues decided to prosecute all of these issues in the media rather than raise them with you.

Senator McKenzie: I think conversations had in the party room should stay in the party room. I've always held to that as my own, personal approach. That's all I can says.

Senator WATT: So it's not appropriate for your colleagues to do that?

Senator McKenzie: I couldn't possibly comment.

CHAIR: Senator Watt, would you please ask a question on Infrastructure Australia.

Senator WATT: They were about infrastructure. Members of your party are criticising this minister and her performance of her role across drought, across the dairy industry and across infrastructure issues. That's why it's relevant. I can't help it if you guys want to go out and background against ministers.

CHAIR: Are you finished this topic?

Senator WATT: Yes. Infrastructure Australia's website describes the organisation's role as being the nation's independent infrastructure adviser, and a range of other things. Ms Madew, can you outline for the committee what role Infrastructure Australia has played in assessing the viability and value for money of the projects included in the government's $100 billion infrastructure program?

Ms Madew: Thank you for the question. I will pass that on to Ms Chau.

Ms Chau: There are a number of projects that actually have been committed to in that program and that Infrastructure Australia has had the opportunity to evaluate in accordance with the policy that, if projects are seeking Commonwealth funding in excess of $100 million,
they have to go through the Infrastructure Australia business case evaluation process. One of them in particular, for example, is the Beerburrum to Nambour rail upgrade. Also funded in the 2019-20 budget is Brisbane Metro, which we evaluated some time ago.

**Senator WATT:** Are these projects you're listing now the only ones that Infrastructure Australia has assessed?

**Ms Chau:** No, there is a long list. I think it might be easier if we table it to you, if that's what you're seeking.

**Senator WATT:** Yes, if you could do that. While we're talking about tabling things, Mr Yeaman, is there anything that's been taken on notice today that the department is able to table for us?

**Mr Yeaman:** I am just checking on a couple that I can table; I'll have them ready at the end of this session.

**Senator WATT:** Yes, we will do that. If you could table the list, Ms Chau.

**Ms Chau:** Yes, of course.

**Senator WATT:** How many, roughly, are we talking about?

**Ms Chau:** There would be dozens, actually.

**Senator WATT:** That Infrastructure Australia has assessed?

**Ms Chau:** Yes.

**Senator WATT:** Looking at the Urban Congestion Fund in particular, what advice did Infrastructure Australia give to government on the projects being funded out of the Urban Congestion Fund?

**Ms Madew:** Just to remind you: we only look at projects over $100 million. We've had no projects in the Urban Congestion Fund that were over $100 million, so we have not assessed any.

**Senator WATT:** There's not one project in that fund that is over $100 million?

**Ms Madew:** I will just check with Ms Chau, but my understanding is that there is not.

**Ms Chau:** According to the information we have to date, there isn't.

**Senator WATT:** Is that right, Mr Yeaman?

**Mr Yeaman:** I need to check. I think there are some that are being classed as part of the Urban Congestion Fund, which, as we discussed earlier, are still in the planning stage and therefore haven't yet got to the point of approaching IA with business cases. As per the government's policy, any project that is above $100 million of Commonwealth contribution will require assessment by IA at the time.

**Senator WATT:** So there has been no assessment for value for money of any of the projects in the Urban Congestion Fund?

**Ms Madew:** That's my understanding.

**Senator WATT:** Has anyone else, apart from Infrastructure Australia, conducted any assessment to determine whether we're getting value for money out of these Urban Congestion Fund projects? That's probably a question for you, Mr Yeaman.
Mr Yeaman: I think, as we covered earlier in the day, there was a process to advise government around the UCF projects. As I said, they will go through the PPR process that we described to ensure that they meet the criteria and the milestone payments and general probity that's required before the expenditure of Commonwealth money. That will include an assessment of their overall economic benefits and effectiveness. Then, as just mentioned, if they're also above $100 million they will require assessment by IA. IA's role as we see it is to provide an assessment of the quality of those business cases and ensure they've been done to a high standard as an input into government decision-making.

Senator WATT: What advice did Infrastructure Australia give government on the projects selected as Roads of Strategic Importance?

Ms Madew: I will pass that over to Ms Chau.

Ms Chau: There are a number of projects that actually do exceed the Commonwealth funding request of $100 million and they're the ones that would be on the ROSI. There's Bindoon bypass on the Great Northern Highway in WA. That's one that comes to mind. I will check with my colleague to see if there is another one. There's also a section on the Newell Highway that has funding in excess of $100 million.

Senator WATT: Which one was that?

Ms Chau: A section on the Newell Highway— I think it's Toowoomba to Seymour on the New South Wales side.

Senator WATT: Toowoomba to Seymour?

Ms Chau: That's right.

Senator WATT: Are they the only ones, or there might be others?

Ms Chau: And I think Warrego Highway as well— there is a section of that.

Ms Madew: We might take that on notice, just double-check and come back to you, Senator, if you don't mind.

Senator WATT: So, Infrastructure Australia has provided advice on any project in Roads of Strategic Importance on roads above $100 million?

Ms Chau: Of the ones I've just mentioned, we have only received a business case for Bindoon Bypass. That's currently under evaluation. The others we would expect a business case in due course. It's also worth mentioning that a number of the Roads of Strategic Importance are actually seeking Commonwealth funding of less than $100 million.

Senator WATT: So those projects where Infrastructure Australia has given advice in Roads Of Strategic Importance, is your advice that those projects do represent value for money?

Ms Chau: Yes. So, the one that actually is Roads of Strategic Importance is Bindoon Bypass. That is currently under evaluation, so we've not concluded our assessment. So, at this point in time, we can't advise you what our conclusion is. That's certainly underway and, hopefully, we'll conclude that assessment very soon.

Senator WATT: And for the other projects, apart from that one, you have conducted an assessment and provided that advice?
Ms Chau: We haven't, but they are actually in our pipeline. We are either expecting a business case, or they are listed on our priority lists as a nationally significant problem which needs to be addressed in due course within the 15-year time scales.

Senator WATT: Those projects were announced by government without a value-for-money assessment having been under taken?

Ms Chau: They have not been through the IA process, but they may have been through other jurisdictional reviews such as the states or the Commonwealth.

Senator WATT: Mr Yeaman, from the Commonwealth perspective, if Infrastructure Australia hasn't done a value-for-money assessment on these projects in Roads of Strategic Importance that means the Commonwealth as a whole hasn't?

Mr Yeaman: No, Senator, that's not correct. Infrastructure Australia plays a particular role. Across our whole pipeline, we look very closely at IA's advice in terms of their audit and their National Priority List to help inform our advice to government on where investment should be targeted to support new projects. So we take account of that, and some of it's general advice and some of it's specific advice.

In terms of value-for-money assessment, the IA process—and I don't want to speak for my colleagues—performs a particular role in the process, which is to test that the business case that's been produced has been done to a high standard. That gives us information around, for example, the benefit-cost ratio, which usually would be provided to us by the state in the business case, but then IA essentially provides that independent assurance and check that that process has been done well. I wouldn't describe it as a value-for-money assessment. We provide advice to government on which projects they should support based on a whole range of factors, including the need, relative cost-benefit ratio and a range of other factors. IA then provides that oversight and independent assurance at the end of the process.

Senator WATT: Just turning to the assessment framework, which sets out the process IA uses to consider for inclusion on the Infrastructure Priority List, my understanding is that it was last updated in March 2018. Is that correct?

Ms Madew: That's right, so legislatively, we need to review the assessment framework every two years. We are currently undertaking that review and we're also creating stakeholder working groups to help us with that review. It will be released early next year when it's required to be released. We're currently undertaking that review now.

Senator WATT: Just really briefly, can you tell us what steps are being taken towards the review of that framework.

Ms Madew: We take stakeholder engagement from all jurisdictions. We have also done a customer user experience of the assessment framework. We also look at analysis and submissions that come out of the Australian Infrastructure Audit. We have done specific work in one area, and we've also created a jurisdictional working group to look at that. Then we also have independent review of the assessment framework.

Senator WATT: So you are consulting with industry and government stakeholders on the review?

Ms Madew: We certainly are. All jurisdictions are being engaged.
Senator WATT: When do you expect the updated framework to be considered by government?

Ms Madew: The review will be released early next year, and then we may continue to do work on the assessment framework through next year. We need to release the review early next year; that's required. But, depending on the feedback we get, we may do some work on the assessment framework and release that later in the year. That's depending on stakeholder engagement.

Senator WATT: What are the top two or three issues being considered in the review?

Ms Madew: I'll just pass over to Ms Chau.

Ms Chau: Some of the areas that we would be looking at potentially providing new guidance on would be, for example, infrastructure appraisals for remote areas, as that is one of the gaps in most of the jurisdictional appraisal guidelines in the country. There is also quite a strong demand for us to expand on the land use benefits guidance that we provided in the last edition. That has been very popular amongst the jurisdictions who have asked us to expand on that guidance to provide more step-by-step practical application to that. Similarly, I think, with climate change as well—that was also new guidance that we provided. That was really looking at how we assess the risk of climate change in the appraisal of infrastructure projects? In particular, we would also look at how we can provide stronger guidance to proponents on how to make the strategic case to demonstrate how the project meets a need and that it's meeting a nationally significant problem or taking advantage of a nationally significant opportunity.

Another area that we've had some requests for is providing some advice on how to do a program business case, and that's particularly important in areas where you might have a linear corridor of roads and it's been packaged into different sections. It would be useful to know what the end-to-end outcome would be if those sections were put together as a program. Similarly, for a lot of the precinct work that jurisdictions have been doing in terms of integrated land use and transport planning to develop precincts. Again, the main tool there would be a program business case. So we've had some demand for guidance in those areas.

Clearly, given our workload, it's not possible to address all those topics in one go. So we would look to a three-year forward program to schedule that work progressively over time and provide that guidance. Our jurisdiction proponents as well as our stakeholders—we do have a lot of industry groups, for example—are saying that the advice on climate change was really helpful and that they want to see more of it. They're really the next steps in terms of updating the assessment framework.

Senator WATT: Will consideration be given at different pathways or tracks for assessment, or do you think you're going to stick with the current approach, which some people describe as one size fits all?

Ms Chau: I think that's really subject to us carrying out the further stakeholder consultation in terms of the reference group and also individual work groups. So I think it's probably too early to say at this stage.

Senator WATT: What consideration has been given to time frames for assessment?

Ms Chau: In what context?
Senator WATT: How long does it currently typically take for a project or initiative to get through the assessment process?

Ms Chau: The initiative listing is really identifying a nationally significant problem or a nationally significant opportunity. That's within a 15 year time scale. It could be there for some time, because it could well be in year 15 that the initiative is really nationally significant. So I don't think there is a prescribed pathway for an initiative to become a project. However, having said that, if a project business case has been submitted to Infrastructure Australia, we seek to turn around the assessment within about three to four months in elapsed time. That's in keeping with our first KPI: when we review an assessment—when we receive an assessment and accept it for evaluation—we aim to send questions back to the proponent within 30 working days.

Senator ROBERTS: Thank you all for being here. I'd like to ask some broad questions and then perhaps go into some detail. Why is a visionary projected like the updated Bradfield Scheme, which supplies water, power and irrigation, not on the infrastructure list?

Ms Chau: The infrastructure priority list is actually a consensus list, which means that it's derived from both bottom-up submissions from jurisdictions, private citizens or private organisations as well as top-down analysis work done by Infrastructure Australia. If Infrastructure Australia also see that there are gaps then we may call out some of those nationally significant opportunities and problems. So, in some cases, it is not on the priority list because the jurisdictions haven't made a bottom-up submission to us.

Senator ROBERTS: Is it the same with a large dam on the upper tributaries of the Clarence River?

Ms Chau: It is the same in terms of what is actually coming into IA and what is presented. That's why we when we call for submissions for the priority list each year it is a national call-out. It is advertised on our website. It is open to all private citizens as well as all organisations and governments.

Senator ROBERTS: The third question is to do with the fact that Minister Littleproud has put out data that shows average major dam storage per person will fall from 4.26 megalitres in 2000 to just 2.7 megalitres in 2030. What steps has Infrastructure Australia taken to provide more large water storage to prevent Australia entering permanent water restrictions? Our population continues to grow.

Ms Madew: As Ms Chau said, we rely on jurisdictions or the public to put forward projects and proposals to be considered for the infrastructure priority list and we have not received any to pick up that issue.

Senator ROBERTS: Perhaps I could go into some details. In looking into the question—and this might explain why you haven't had submissions on some of these projects—of who we should ask about the modified or updated Bradfield Scheme, we identified multiple layers of government agencies. These included the Regional Investment Corporation, the North Queensland Water Infrastructure Authority, the Northern Australia Infrastructure Authority, the National Water Infrastructure Development Fund and Infrastructure Australia. Can you tell us who has responsibility for the modified Bradfield Scheme and Hells Gate project?

Ms Chau: This is not a scheme that's actually come to us in its early stages in terms of early engagement. As for Infrastructure Australia's role, our role is primarily to advise. We...
don't have any planning powers in terms of actually putting together the plans for delivery or implementation.

**Senator ROBERTS:** Do you know what the North Queensland Water Infrastructure Authority is doing to progress the feasibility study of a visionary project like the modified Bradfield Scheme?

**Ms Madew:** We don't.

**Ms Chau:** May I refer this to the department, please?

**Mr Yeaman:** That organisation is, I believe, due to appear here at estimates on Friday, from memory. They would be able to answer those questions directly.

**Senator ROBERTS:** Turning to the Hells Gate Dam, on 8 November 2018 the federal government committed $54 million towards phase 1 of the project. Who is administering that funding and what is the date that construction commences?

**Mr Yeaman:** Again, I believe the water functions are being handled on Friday at estimates.

**Senator ROBERTS:** Okay. People are asking, 'When are we going to go beyond headlines and get started on these things?' I'm not sure if it should be in this section here, but I'd like to just ask this question. If it is in the wrong place, let me know. Why is the current 3.11 per cent interest rate for farm investment loans so high at a time of historically low interest rates?

**Ms Madew:** That's not in the remit of Infrastructure Australia.

**Senator ROBERTS:** Okay.

**CHAIR:** Where would Senator Roberts be best placed to ask that question, Minister? Sorry, I know you're busy. But I think it's a good question that Senator Roberts has asked.

**Senator ROBERTS:** Why is the current rate of 3.11 per cent for farm investment loans so high at a time of historically low interest rates?

**Senator McKenzie:** I think that tomorrow in agriculture would probably be the best place for that.

**Senator ROBERTS:** Thank you, Minister.

**Senator BROCKMAN:** Senator Antic asked me a question this morning about Metronet. Does IA have details of expected patronage, recurrent costs and any required operating subsidies on train lines? Is that part of a business case?

**Ms Madew:** Metronet is a program of works. There are a number of different initiatives within the Metronet initiative, as you're probably aware. We have looked at a number of those projects that are seeking over $100 million in funding from the federal government. I will pass on to Ms Chau for the specifics.

**Ms Chau:** The business cases are submitted to Infrastructure Australia. The Metronet projects do include patronage forecasts and they do include benefit forecasts. All business cases we require do need to put together what we call the social, economic and environmental case, which is effectively the cost-benefit analysis.

**Senator BROCKMAN:** Would that include requirements for operational subsidies?
Ms Chau: That would not include the actual subsidy bit because that is in the financial analysis.

Senator BROCKMAN: At what point do the business cases become publicly available, if at all?

Ms Chau: That's at the discretion of the proponent, whether they choose to release the business cases. We receive them in confidence.

Senator BROCKMAN: You receive them in confidence. Is there a standard practice?

Ms Chau: For a lot of major projects these days, the proponents often provide a public executive summary of the business case.

Senator BROCKMAN: That wouldn't include that detail?

Ms Chau: Probably not at that level. In terms of the business cases we receive, we would actually seek that information. You might find it useful to look at our evaluation summary, which does provide some information from the business case when it relates to how the demand supports the benefits that are being claimed, for example.

Senator BROCKMAN: Would it go to that information that I just talked about?

Ms Chau: Some of it would actually talk about—

Senator BROCKMAN: Are they publicly available?

Ms Chau: Yes, they are.

Ms Chau: Our evaluation summaries are on our website.

Senator BROCKMAN: When do they become publicly available in the process?

Ms Madew: Once the board approves a business case, we make them publicly available within one or two weeks. Some of the Metronet will be on our website.

Senator BROCKMAN: Thank you. There's been a lot of discussion in Western Australia about the capacity of Fremantle port. Has Infrastructure Australia done an analysis of Fremantle port's capacity going forward?

Ms Madew: We're waiting for a business case regarding Fremantle port.

Senator BROCKMAN: You have received no business cases?

Ms Chau: We've engaged with the West Australian government on the proposal that might be coming to Infrastructure Australia. At this stage, it hasn't been presented to us.

Senator BROCKMAN: It hasn't been presented?

Ms Chau: It is on the priority list as an initiative.

Senator BROCKMAN: It hasn't been presented as a formal proposal?

Ms Chau: For a business case.

Senator BROCKMAN: So you would not as yet have considered the capacity constraints, if any, at Fremantle port?

Ms Chau: No, we're not at that stage yet.

Senator BROCKMAN: Finally, where are the business cases at for Bunbury Outer Ring Road and Albany Ring Road?
Ms Chau: We have received both of the business cases at Infrastructure Australia. However, as we go through our triage process, we're just waiting for some more information before we commence our evaluation.

Senator BROCKMAN: Basically, the business cases have come to you?

Ms Chau: They have been submitted, but they haven't been accepted for evaluation just yet.

Senator BROCKMAN: Okay. Can I have a date when they came to you?

Ms Chau: We do—

Ms Madew: We'll come back to you.

Senator BROCKMAN: I'm happy for this to be taken on notice.

Ms Madew: We do have the information.

Ms Chau: Albany Ring Road came to us on 22 March, but we haven't accepted it for evaluation yet. Bunbury Outer Ring Road came to us on 2 September, but, again, we haven't accepted that for evaluation.

Senator BROCKMAN: If I understand the process right, you've received these business cases, had a look at them, there are some 'deficiencies'—is that a fair enough word?

Ms Chau: There are some gaps. There are some information gaps.

Senator BROCKMAN: Okay, I'll use 'information gaps' then. And you've gone back to the state government and you're waiting?

Ms Chau: Correct.

CHAIR: Thank you very much, Infrastructure Australia. Can we have a quick suspension while we work the schedule out?

Senator WATT: Sure.

[19:38]

CHAIR: I now call representatives from the National Faster Rail Agency. I note that this is the first estimates appearance for this agency, and I welcome Mr Malcolm Southwell in his capacity as Acting Chief Executive Officer. Do you wish to make an opening statement?

Mr Southwell: Good evening senators and committee staff. Thank you for the opportunity to appear today. The NFRA was established on 1 July 2019 to play a national leadership role in providing advice to government on delivering better rail connectivity to our regions and cities. Through the Faster Rail Plan, our focus is on easing congestion in our bigger cities, bringing people, jobs and services closer together. Our work forms part of the government’s population plan. Our tasks include leading on the government's 20-year plan for a faster rail network, working with the state and territory governments on faster rail business cases and construction projects and developing an investment strategy for faster rail, informed by business cases, by engagement with stakeholders and by advice from experts. The NFRA’s budget for 2019-20 is $3.9 million. There are currently 14 staff in the agency. That includes 11 staff temporarily seconded, with recruitment for ongoing staff underway, and two labour hire staff to support the establishment of the agency.

Three faster rail business cases will be completed by the end of 2019: Brisbane to the Sunshine Coast, Sydney to Newcastle, and Melbourne to Shepparton. Advice will be to
provided to government over the next few months as these business cases are completed. We're discussing with states the scope and timing and funding contributions for the next tranche of business cases funded through a $40 million commitment in the 2019 budget. These business cases will investigate faster rail opportunities on five corridors: Brisbane to the Gold Coast, Sydney to Parkes region; Sydney to Wollongong region; Melbourne to Albury; and Melbourne to Traralgon. We anticipate that each of these business cases will take around 18 months to complete. We're working with Victorian government officials to progress planning and delivery of faster rail to Geelong, to which there is a $2 billion commitment needing to be matched by the Victorian government. It's our intention to work collaboratively and pragmatically with jurisdictions to deliver faster and more reliable journey times on these strategic corridors, linking regions and major capital cities. Thank you for your time today. We welcome your questions.

CHAIR: Thank you, Mr Southwell. Just before we start on questions, I have a quick announcement, that Transport Sector Skills and North Queensland Water Infrastructure Authority, which were both scheduled at the end of the evening, will not be heard tonight. North Queensland Water Infrastructure Authority, I believe, will come on Friday, when we deal with water. But, Transport Sector Skills have been excused. Senator Sterle.

Senator STERLE: Thanks, Mr Southwell. Congratulations, and I look forward to working with you. You're touched on a few things in your opening statement that I'll go to in questions. Forgive me. You are softly spoken, but I did pick up on the three objectives and then you talked about Geelong and I have some questions around that too. The department's website suggests that these business cases were due to be submitted in mid-2019. I'm talking about Melbourne to Greater Shepparton, Sydney to Newcastle and Brisbane to the Sunshine Coast. Have they been submitted? Have any of them been submitted?

Mr Southwell: Our website indicates mid to end 2019, we're in the process of completing those business cases, and we'll provide advice to government then.

Senator STERLE: So they haven't been submitted yet?

Mr Southwell: No.

Mr Hyles: We have received the CLARA business case. The New South Wales business case has been completed. We haven't formally received that at this stage.

Senator STERLE: I'm sorry, my hearing is starting to go. Which one you have received?

Mr Hyles: The CLARA business case—Consolidated Land and Rail Australia.

Senator STERLE: That's from Melbourne to Greater Shepparton?

Mr Hyles: Yes. The New South Wales Sydney to Newcastle business case has been completed. We haven't formally received that at this stage. And we're expecting to receive the business case for Brisbane to the Sunshine Coast before the end of the year.

Senator STERLE: The one you have received, Melbourne to Greater Shepparton—CLARA—is that being released for public viewing yet?

Mr Hyles: No, not at this stage. We needed to provide advice to government and we're in the process of reviewing around that.

Senator STERLE: Will there be any peer review of the findings of each business case?
Mr Hyles: Certainly we have been established to do the analysis and review of the business cases. They've been developed with the intent that they are consistent with the Infrastructure Australia methodology and guidelines. Where they seek funding of more than $100 million from government, they will certainly be submitted to Infrastructure Australia as well.

Senator STERLE: But it won't be peer reviewed.

Mr Hyles: That is peer reviewed in effect.

Senator STERLE: How will the business cases be assessed?

Mr Hyles: Through the normal processes. We will obviously undertake an analysis ourselves, drawing on advice and expert advice where necessary. We've obviously been involved along the way as the business cases have been developed through project steering committees and project working groups, so we're reasonably familiar with the content of the business cases.

Senator STERLE: Who could provide expert advice? Is it anyone with history in these areas or is it other departments?

Mr Hyles: In some cases, they've sought advice from transport modellers who are international experts in their field. Those sorts of—

Senator STERLE: What are the next steps for these projects once the business cases are received?

Mr Southwell: We'll provide advice to government, and there will be a decision for government to take.

Senator STERLE: You wouldn't be surprised that I've got to ask about CLARA and about the financial arrangements for each business case. It was meant to be matched funding; is that correct?

Mr Hyles: That's correct.

Senator STERLE: Has each proponent matched their required funding?

Mr Hyles: Yes. We've received statements that indicate the proponents have provided contributions that match our contribution.

Senator STERLE: Are they matching it in cash?

Mr Hyles: In kind, generally, but there has been a small cash component as well.

Senator STERLE: Let's go back to CLARA, because this is what this is all about. There's been an $8 million announcement to CLARA. I think the money has been paid, hasn't it?

Mr Hyles: We haven't paid the full amount of money to CLARA yet.

Senator STERLE: What have you paid to them?

Mr Hyles: To date, we have paid $5.6 million.

Senator STERLE: Have they matched it in cash?

Mr Hyles: Cash and in kind. That contribution—we've certainly got indications that they have.
Senator STERLE: So tell me how much cash they've actually come up with, because there's some real bad press around this.

Mr Southwell: The project proponents are contributing $8 million, and $903,424 in kind.

Senator STERLE: This is CLARA. What have they come up with?

Mr Southwell: There's $903,424 in kind, along with in-kind contributions from the consortium partners, some of whom are McCrindle—

Senator STERLE: Tell me what that means. In kind was just under a million. What was that—stamps, envelopes, free legal advice or what?

Mr Hyles: That is effectively where they undertake the work without being paid for it. So they're undertaking an analysis or doing modelling or writing reports or that kind of thing without receiving—

Senator STERLE: So they've got external partners or other entities who have come up and written to you guys, and said, 'We're going to do this work, and, for that, it would normally cost X amount of rupiah per hour or per day, but we're going to do it for them.'

Mr Hyles: Yes, the consortium members are doing that.

Senator STERLE: And that has come to a value of $5.6 million, did you say?

Mr Hyles: In total, that's come to $5.6 million. It will be more than that because they are essentially about to provide an invoice to us for another component.

Senator STERLE: How much in cash did they come up with?

Mr Hyles: In cash—we might have to take that one on notice. We've got the in-kind contributions.

Senator STERLE: If you could, I think it's important, because there's the newspaper report—I'll table it if I have to, but you have seen it anyway—that was done by The Guardian on 5 August, and it's pretty scathing. But you can't tell us here how much cash they've come up with?

Mr Hyles: We can go through the list. McCrindle provided $214,000—

Senator STERLE: There are probably a whole host. Who is McCrindle?

Mr Hyles: They are one of the consortium partners.

Senator STERLE: Is it a farmer or—

Mr Hyles: No, they do demographic modelling. Then there's CHC, Roberts Day—$1.75 million.

Senator STERLE: What do they do? The reason I'm asking, Mr Hyles, is that I read the report, which is indicating they're very shaky and there are some dubious questions around them. I would rather put it out here. In the report it also said that they're using partners that have no expertise in modelling and this sort of work. That's why I'm asking you who these partners are.

Mr Hyles: Then you've got Cardno and Arcadis—$2.07 million. They do city planning and infrastructure modelling. There's PwC—$1.84 million. Obviously, PwC are a major economic and financial modelling company. Slattery—$333,000 and DLA Piper—

Senator STERLE: What does Slattery do?
Mr Hyles: I don't have that in front of me specifically, but they certainly will be providing inputs to the work. And then—

Mr Yeaman: Slattery is legal.

Mr Hyles: And then DLA Piper—$896,000 as well.

Mr Yeaman: They're legal.

Senator STERLE: Could that be provided to the committee. The reason is that I read that farmers are saying that they've been touched up or promised or there's been money that they haven't seen coming. I don't know if you're aware, but I think we just need to know that.

Mr Hyles: That hasn't come from our contributions. That was obviously pre—

Senator STERLE: Yes, so you just need to find out. Have you been able to find out how much money they've come up with in cash? You paid $5.6 million, you said—is that right?

Mr Hyles: We've paid $5.6 million to date.

Senator STERLE: But the promise was $8 million. We haven't got to $8 million yet.

Mr Hyles: We haven't paid the full amount yet.

Senator STERLE: And the reason why we haven't paid the full amount is?

Mr Hyles: We have only just received the last invoice.

Senator STERLE: Of $2.4 million or something that they're requesting?

Mr Hyles: Yes.

Senator STERLE: All right.

Mr Yeaman: Slattery is a quantity surveyor.

Senator STERLE: Okay, thank you. I'm not saying I believe everything I read in the paper, but what I am saying is that clearly, if there are farmers and they're being photographed and they're around a place called Tallygaroopna or something—I shouldn't say it like that; they're real people—that worries me a bit. Have you, the department, been involved in the development of the business case?

Mr Hyles: Yes, all three.

Senator STERLE: And you believe that the case stacks up? You're very confident?

Mr Hyles: We've received the report. Obviously we need to provide advice to the government. The report is very thorough, so we have a lot of work to go through to do the detailed analysis.

Senator STERLE: Yes, okay. It's early days. Will the business case still depend on value capture along the route?

Mr Hyles: Obviously, the premise of their model is around value capture.

Senator STERLE: Okay. The Guardian article suggests—it suggests; let me say that clearly—that many of the landholders along the original CLARA route—so there's obviously another one now. Is that correct?

Mr Hyles: I think it's largely the same.

Senator STERLE: Okay. It suggests that many of the landholders—and, Chair, I'll share this with everyone—who signed options agreements with CLARA have not only lost money
but also had no contact from Mr Cleary and CLARA in quite some time. So does the department hold any concerns about the viability of CLARA or the due diligence applied at the time the three business cases were awarded? Are you aware of all this?

Mr Hyles: Certainly we've read the article. I think there are options that are arranged between landholders and companies from time to time on a range of different things. I know my family's had options that have fallen through.

Senator STERLE: But have they been backed up by Commonwealth dollars—or, more importantly, taxpayers' dollars?

Mr Hyles: I'm not sure specifically about that particular case.

Senator STERLE: Sorry to cut you off, but what I'm trying to get to is that I'd love the department to say: 'Hang on, someone's written a report—wrong or right or what. We really should be out there having a look, go meet the farmers and say, "What has actually happened?"' If there are farmers who have dreams of winning Lotto and finding fame and fortune like that, it's a little bit different from if they've been sold something and have handed money over under a pretence that might not be correct. We've got to ask these questions. Have you been on the ground?

Mr Yeaman: If I can speak for the department in this regard—and then some of my colleagues may wish to add—I think it's important to be clear that the agreement between the Commonwealth and Consolidated Land and Rail Australia was purely for the delivery of a business case. We have not, at this stage, made any commitment to fund their project, to support their model or to support any longer-term investment.

Senator STERLE: But there's been some money. There's been $5.6 million.

Mr Yeaman: That's exactly right. The money is for the business case. At this stage, every milestone has been met on that to date, so we have confidence that they will deliver.

Senator STERLE: Okay, but I'm asking this. This is very important. I'm sure that if it were the Rebels or the Bandidos or something you'd be out there checking out what's going on. I don't even know Mr Cleary. But has there have been anyone from the department or some agency out there interviewing the farmers who have put out their hard-earned, as has been alleged in the media, and asking: 'What's happened? What were you promised? What did you pay over? What was the reason you did it?' Have you done anything like that, or is it just that you see the case and you think, 'Well, that looks good like that'?

Mr Southwell: I would just add to what Mr Yeaman said about what we funded CLARA for. The Faster Rail Prospectus precedes the creation of the National Faster Rail Agency, but they were being funded to deliver a business case around faster rail connections and, as Mr Yeaman said, they've met the milestones. We're satisfied with progress on the project to date, and we will review the business case that has been submitted to us and provide advice to government.

Mr Yeaman: What I can also add, to give you some comfort, is that as this business case then lands and becomes advice to government one of the considerations that we would certainly have in mind from our point of view and, I suspect, also that from the National Faster Rail Agency, is that before government took any decision to actually support the project itself, or the business case, we would want to do exactly as you described. We want to understand that—
Senator STERLE: But, Mr Yeaman, help me out here: there is still $5.6 million of taxpayer money that has gone out and you now have another invoice for $2.4 million. I don't want to ask the same question 10 times, and I'll take the guidance of the Chair, but isn't this alarmed to say, 'Hang on, we should check first'?

Mr Yeaman: In terms of the product that has been paid for by the taxpayer, we have good confidence and visibility by being on the steering committee and seeing the business case developing through the various stages that the product is being produced and will deliver value for the Commonwealth. That has been on track all the way through.

If there were to be a discussion about funding their projects, the arrangements you're describing are commercial arrangements between the company and individual parties. But if the Commonwealth were going to commit real money to support the project we would want to look at those issues you described.

Senator STERLE: Okay. I won't carry on. I'm not liking the answer that I'm not getting, so I have to go back to this. There were, I don't know how many, but maybe half a dozen farmers who knocked on the department door down there—I don't even know where you are nowadays, guys; you're all brand-new—who actually said, 'Hey, this ratbag mob, we've given them money, we haven't seen them for eight months and we've lost the money.' Maybe I'm missing something.

Mr Hyles: I'm not sure about whether they gave CLARA money or whether CLARA gave them money for the options.

Senator STERLE: Great! Because you know as much as I know, which is five-eighths of stuff all! What I'm just trying to say is that if there's smoke it could be a load of bulldust or it could be some very genuine, honest people who thought they might fall into a pot of gold and they may have read the contract wrong. No-one is answering that accusation—not that I can find out. That's all I'm trying to get to.

I can't go down this hole any further. There's a dead end, Chair, but you can see my frustration there. Let's hope that it's not the case—although they look like real people.

Senator DAVEY: I have a couple of very brief questions. You've committed funding for your additional five business cases. I heard you mention Shepparton before as well. Is that in your remit? I live close enough to Victoria that I hear the Victorians—

Mr Southwell: Greater Shepparton is the business case we were just talking about, which was funded under the Faster Rail Prospectus. The further five business cases that we're doing are Sydney to Wollongong, Sydney to Parkes, Melbourne to Albury-Wodonga, Melbourne to Traralgon and Brisbane to the Gold Coast.

Senator DAVEY: My biggest interest is the Parkes and the Albury-Wodonga areas. Have you done modelling, or is it part of the business case scenario, to show how the connectedness and the construction of a Faster Rail Network will actually contribute to the growth of those areas in the economic and social parameters?

Mr Southwell: That will form part of the business case. We're currently in discussions with the states about the progression of those business cases. Importantly, those business cases are on corridors that will connect capital cities with major regional centres and warrant further investigation due to the opportunities there. But those modelling questions you asked will be explored as part of the business cases.
Senator DAVEY: Specifically, those two—Parkes and Albury-Wodonga—are also on the Inland Rail Corridor. Will this Faster Rail Network also assist in freight and not just passenger commuting times?

Mr Southwell: Our focus is around passenger rail.

Senator DAVEY: Passengers?

Mr Southwell: Yes.

Senator DAVEY: That's fine; that's all I need.

Senator STERLE: What process is being employed to achieve consistency between these business cases? Is there any?

Mr Hyles: Fundamentally, they need to adhere to the IA assessment methodology and framework. In that sense, they're consistent with that framework.

Senator STERLE: That's great. Can these proponents come up with totally different technologies for their sections?

Mr Hyles: They certainly look at a range of different options; part of the IA methodology requires that they look at different options. Those can range from existing technology or new technology through to trains, buses or roads and that sort of thing.

Senator STERLE: I know you have only received the one yet so we don't know. This might be an easier question to ask at the next round of estimates. It's leading me to think there would nothing worse than if we got to a situation like in previous centuries where we couldn't even link our three states up.

Mr Southwell: Absolutely. At the forefront of our mind is to avoid any future break of gauge issues so we will work with proponents. Part of our mandate includes considering essentially the future proofing of the network.

Senator STERLE: I am getting towards the end. You talked about the other three business cases in the pipeline: Wollongong, Albury-Wodonga and Melbourne. Has any money been allocated to these other projects?

Mr Southwell: There was $40 million allocated in the 2019 budget and it's $8 million to each of those five business cases. We are working with states about the co-funding of those.

Senator STERLE: Have those consortiums got that money yet or it's just parked to the side?

Mr Southwell: On the next five business cases we are working with states at the present time to progress co-funding of those business cases.

Senator STERLE: But no money has gone anywhere yet?

Mr Southwell: No.

Senator STERLE: When would you expect these business cases?

Mr Hyles: They'll take around 18 months to complete so towards the end of next year.

Mr Southwell: Mid-2021.

Senator STERLE: I understand there is funding available for a business case for passenger rail services between Brisbane and Toowoomba, is this correct?

Mr Southwell: I believe so. That's being handled by—
Senator STERLE: That will make a fat, grumpy, old ex-senator happy I reckon.

Mr Yeaman: There is money allocated for that business case, but it is not included as part of the Faster Rail Agency priorities. It's being managed by the department.

Senator STERLE: Is there any money around that one?

Mr Yeaman: There is. It will take me a minute to find it. Our colleagues have gone but it's another Queensland program.

Senator STERLE: Okay, it is not going to be the end of the—

Mr Yeaman: I'm told $15 million.

Senator STERLE: Is the business case underway?

Mr Yeaman: No. The Queensland government has been working through their options on that project. We have been putting quite a bit of pressure on them to partner with us on that business case and as yet it hasn't moved to that stage.

Senator STERLE: Now we'll go to fast rail policy. I want to touch on the policy underpinning the fast rail prospectus and the business case. Can you define fast rail for me?

Mr Southwell: I will start and perhaps Mr Hyles can add to this. There is no internationally agreed definition of fast rail or high-speed rail. The terms are often used interchangeably. We understand the International Union of Railways considers a speed of around 250 kilometres an hour to be the principal criterion for high-speed rail. The rail services that we're looking at will fundamentally consider all types of rail services and we're not precluding any particular option. Our focus is on connecting regional centres with capital cities and so we'll work with proponents, and state governments, around the type of services and the most appropriate solution.

Senator STERLE: So we don't have a speed limit determination?

Mr Southwell: No.

Senator STERLE: Hence that goes back to the Melbourne Brisbane thing as long as it's under 24 hours. Does fast rail, as you define it, move us towards new technology?

Mr Hyles: Certainly, the business cases that we're looking at are considering a range of options, as I mentioned before, and that does include new technology in some cases.

Senator STERLE: This is what we might end up with. Could it coexist with a future high-speed rail network as defined by a high-speed rail study completed under the previous Labor government?

Mr Hyles: For example, the CLARA proposal is a full-spec high-speed rail proposal and it builds on some of the work that was done this that 2012 study.

Senator STERLE: So it could do?

Mr Hyles: So it is consistent in that regard, yes.

Senator STERLE: What would be stopping it from us looking at anything that we did linking in to a fast rail or high-speed rail?

Mr Hyles: Sorry, I'm not sure that's—

Senator STERLE: The CLARA project can be linked to what we call high-speed rail, okay, that's great. But all these other ones—if we're investing in new systems and all that, will
it be part of the government's, or your work, that, 'Hang on. We have got to keep this in mind, because we don't want to get there in 10 years' time and say "whoopsadaisy".'

Mr Hyles: Yes, absolutely. So part of the agency's remit is to take into account future opportunities for high-speed rail.

Senator STERLE: That's fantastic. I've got a few more stories around that magnificent little town out of Melbourne called Geelong that has a fantastic football team—which I'm still spewing about—and then I'm finished here. You mentioned earlier about Geelong, that the government is committing $2 billion. Is this correct, to deliver faster rail between Melbourne and Geelong?

Mr Hyles: Correct.

Senator STERLE: Dr Kennedy gave us a table which showed us the $2 billion investment was beyond the forward estimates, but we only found $50 million flowing over the next four years, correct?

Mr Southwell: We have $20 million by the current schedule—

Senator STERLE: That's $20 million?

Mr Southwell: for 2021 to 2022 and $30 million for 2022 to 2023. Yes, the balance is beyond the forward estimates, but we are working with Victoria around the planning for this project and we're open to opportunities too.

Senator STERLE: There's a private consortium called AirRail Melbourne that's proposing a $15 billion airport rail tunnel. Is that correct?

Mr Hyles: That's for the Melbourne Airport Rail Link.

Senator STERLE: Yes. And how much is the Australian government contributing to that?

Mr Hyles: That's a matter for the department.

Mr Yeaman: The Commonwealth contribution is $5 billion.

Senator STERLE: Right. I have two last questions. Can you step the committee through where the project is up to now, please?

Mr Southwell: In terms of Geelong?

Senator STERLE: Geelong first and then the Melbourne Airport.

Mr Southwell: Just to be clear, we're not handling the Melbourne Airport Rail Link. We're working with Victoria around the Geelong project.

Senator STERLE: Alright, yes.

Mr Southwell: In terms of Geelong, we're working with the Victorian government on the planning. Victoria has to do some work around the Western Rail Plan and we're engaged with them through a steering committee that also involves the Melbourne Airport Rail Link project around that planning work.

Senator STERLE: I got sidetracked—sorry. We were talking in kind because I just went off on a tangent about CLARA. What about the other two proposals, or the other five proposals, about in kind? Are there any in-kind figures around them?

Mr Southwell: Yes.
Senator STERLE: Sorry, I'm shaking my head over that.

Mr Hyles: There are in-kind contributions provided as part of the North Coast Connect Consortium.

Senator STERLE: The what?

Mr Hyles: The North Coast Connect Consortium; that's Brisbane to the Sunshine Coast. They have some local governments providing in-kind contributions and the Queensland government provide an in-kind contribution in the form of their Beerburrum to Nambour business case.

Senator STERLE: That's the only two—just the state government and the local government. No other in-kind proposals?

Mr Hyles: That's correct.

Senator STERLE: Is there any in kind for any of the other—

Mr Hyles: The New South Wales government is funding the Sydney-Newcastle business case 50 per cent. They're the only three that we've got underway at the moment. We also have—

Senator STERLE: Do we have the figure—how much they're providing in kind? Is that public knowledge?

Mr Hyles: To the North Coast Connect?

Senator STERLE: Yes, fifty-fifty funding. In terms of North Coast Connect, if you give me a second—

Senator STERLE: And then I'll wrap up, Chair. That will be us finished for all things to do with trains.

Mr Hyles: In total, Senator, it's $6½ million.

Senator STERLE: Billion?

Mr Hyles: Million.

Senator STERLE: This is the in kind for the Brisbane—

Mr Hyles: That's the 50 per cent contribution from the consortium. The majority of that will be in kind. I understand that the Queensland government's business case, if I remember correctly, was around $5 million of that. And then the local government contributions—unfortunately, I haven't got those in front of me, but

Senator STERLE: You can take it on notice.

Mr Hyles: it's the remainder of that.

Senator STERLE: Okay, that's fine. Thank you very much, gentlemen.

CHAIR: Are there any more questions for the faster rail people? No. Thank you very much for your attendance. Could we please go to Inland Rail?

Senator WATT: We've obviously got a Senate inquiry underway about Inland Rail, so we won't spend a huge amount of time on this tonight. I want to ask some questions about the consultancy awarded to develop a social licence strategy. What exactly is meant by 'social licence' by the department in this case?
Dr Taylor: Social licence as a strategy was developed for us by the firm Futureye. What is meant by 'social licence'? Much like when we think of licences being a right to operate, your social licence is your right from society to operate.

Senator WATT: Does the fact that a tender has been awarded to develop a social licence strategy suggest that the Inland Rail project has a social licence problem?

Dr Taylor: This strategy was developed between us and the Australian Rail Track Corporation, the development company, with a joint view that we could focus more on developing social licence. Clearly, along the way matters have been raised with us by community members, matters that we agree with and things that we could have done better along the way. So we are working with the community on those things and thinking those things through in this social licence strategy. That is the way we are addressing that.

Senator WATT: So it wasn't intended at the beginning of the project to develop a social licence strategy, but that was decided because of issues that had arisen?

Dr Taylor: There was a community engagement strategy, and there has been from the very start. A social licence strategy is perhaps a more updated and more contemporary way to explain the community engagement strategy. That strategy for community engagement has been in place from the very start.

Senator WATT: Has the department procured a social licence strategy before?

Mr Yeaman: Probably not using that language. As Dr Taylor said, there are stakeholder management and community engagement plans. Many of our projects—the Western Sydney Airport, for example—have commissioned help with community engagement. Community engagement and stakeholder management plans have been used in the past for large-scale projects. I don't have specific examples I can point to, but they haven't used that language.

Senator WATT: We've had a bit of a look and we can't find any evidence of a social licence strategy having been procured before.

Mr Yeaman: It certainly wouldn't have been called that I suspect. That particular language relates to and has been adopted for this project.

Ms Spence: When we did the National Freight and Supply Chain Strategy one of the key issues that came across from freight more generally was the importance of social licence. It does tie into that broader conversation about the language that is being used to talk about community engagement.

Senator WATT: Why did the department undertake a limited tender for this contract?

Dr Taylor: It was a reasonably small procurement—under $80,000. We went with a limited tender on the basis that there was an identified need and it was under the procurement threshold.

Senator WATT: Right. Did you undertake any market research prior to awarding the tender?

Dr Taylor: Quite a lot. There has been an extensive amount of market research for community sentiment and how the community along the alignment feels about Inland Rail, about the development benefits and about the potential impacts that are coming from Inland Rail. Those community sentiment surveys have been in place for a little while now, so we had that as a background. As I said, the community engagement strategy, which was developed a
number of years ago, has been updated with the new title 'social licence strategy'. But it is a continuum. It's a continuation of the community engagement strategy.

Senator WATT: Who instigated this contract? Was it the department's idea, ARTC’s idea or the minister's idea?

Dr Taylor: It definitely came from the department and ARTC. The department and ARTC jointly identified the need to work more closely together, to join up our messages and our engagement practices. So it was mutually considered and conceived.

Senator WATT: What were the terms of reference for the consultancy?

Dr Taylor: No terms of reference were put out, but a scope of works was put together. The scope of works was to work through the identified needs that came out of the community sentiment work that we'd done and to work with the department and ARTC to identify key messages and approaches for community engagement in the future.

Senator WATT: Could you table a copy of the scope of that consultancy?

Dr Taylor: Yes.

Senator WATT: Did the contract include the presentation of any reports to the department?

Dr Taylor: The draft strategy that you referred to earlier is the conclusive document.

Senator WATT: Right. So a draft strategy was provided to the department?

Dr Taylor: It was.

Senator WATT: And that's actually also the final?

Dr Taylor: That's still in draft, but it is intended for that to be finalised, yes.

Senator WATT: The department hasn't provided any feedback on it that has required any changes?

Dr Taylor: We have worked through some internal processes on feedback, we've worked with ARTC as well to secure their views, and we are, as I said, working through that as a process, and a draft report now, to finalise.

Senator WATT: Could you please table a copy of that strategy.

Dr Taylor: Yes—when it's finalised, yes.

Senator WATT: I'm also asking if you can table a copy of the draft.

Dr Taylor: I imagine we can take that—can we take that on notice please.

Senator WATT: A good answer. So there has been only the one report produced, only the one strategy document?

Dr Taylor: Yes.

Senator WATT: Who were the principal consultants in this?

Dr Taylor: Futureye.

Senator WATT: Who did they work to, the department or ARTC?

Dr Taylor: We engaged them in contract, so the contract management was with the department. It was, as I said before, mutually conceived, so we worked very closely with ARTC.
Senator WATT: How many consultants were engaged and over what period?

Dr Taylor: I don't know the size of the firm but they're a reasonably small firm. We worked directly with three people—and we're still working with them to finalise the draft—over a period of around eight months, to date.

Senator WATT: Where were they based?

Dr Taylor: Two in Melbourne and one in Brisbane, that I'm aware of—the ones that we're working with.

Senator WATT: Do you know who the firm actually consulted with in preparing this strategy?

Dr Taylor: Other than the department and ARTC?

Senator WATT: Yes.

Dr Taylor: I'd have to take that on notice. We had a number of workshops where the evidence that has been presented to date on community engagement—the sentiment survey work and other things—was represented, so there was a depth of evidence there. As to who they consulted with, I'd have to take that on notice.

Senator WATT: Could you also take on notice the dates, locations and meetings held. In particular, I'd be interested to know when the consultants visited regional Victoria, New South Wales and Queensland. Do you know whether they did?

Dr Taylor: We could take that on notice and confirm it for you.

Senator WATT: Okay. Are you aware whether they visited regional areas?

Dr Taylor: I am aware that there were a number of workshops that were conducted across the alignment, yes. But I would have to take on notice for you who visited and where.

Senator WATT: How much of the $190,000 they were paid was spent on travel?

Dr Taylor: We have no number for that with us. We can take that on that notice too.

Senator WATT: Okay. How has the social licence strategy assisted the ARTC and the department in their consultation with affected landowners and communities along the route?

Dr Taylor: There are a number of areas, but three key areas come to mind. One is around empathy, around getting the right tone of voice to deal with landowners along the way. There were, as I said earlier, a number of steps that we took initially. We weren't prepared for those sorts of engagements, and it helped to shore up those engagements.

Senator WATT: So we need to spend $190,000 to give the government empathy in dealing with landowners?

Dr Taylor: That is not how I would characterise it—'giving the government empathy'.

Senator WATT: I'm just using your words.

Dr Taylor: We start with getting the tone of voice right and getting the narrative right, and that leads to empathy. I think that along the way with the landowners we've been dealing with there has been an appreciation that there has been a more empathic approach taken since the social licence initiative.

Senator WATT: Is it common for the government to have to engage consultants to help it develop empathy?
**Dr Taylor:** I think it's common to take advice along the way where you find that you need to take advice. Consultants are used for various sorts of things. For these large projects, we bring consultants in where there is an identified need.

**Mr Yeaman:** In that respect, Mr Taylor mentioned three that came to mind. He has mentioned one of those things as an up-front starting point, but there are other things, as part of the strategy, that have gone to our communications and the way we approach stakeholders. Those other things have also been captured.

**Senator WATT:** Minister, how many other consultancies have been awarded in this department to help the government develop empathy?

**Senator McKenzie:** I find the department incredibly empathetic when we are dealing with a raft of stakeholders, particularly in the drought space—

**Senator WATT:** Not in this case, though, hey?

**Senator McKenzie:** To suggest that the department is having to take multiple research projects to help them develop empathy is quite ridiculous.

**Senator WATT:** Is it the department's view, four months after this contract has been completed, that the inland rail project still has a social licence problem?

**Mr Yeaman:** We've been quite up-front—and I think the ARTC has been quite up-front—that, earlier on in particular, the communication and engagement with landholders across the line was not as good as it could have been. I think there has been a marked improvement, from the feedback we have received anecdotally, particularly since Mr Richard Wankmuller was engaged as CEO of the inland rail project. He has been meeting with landholders in their kitchens along the line having conversations, and the feedback around his engagement is very positive. We now have officers placed in a number of regional offices across the line to help improve the communication flow. This is a project that will lead to some very serious concerns and questions for individuals who are having a rail line taken through their property. We are being as sensitive to that as we can, and so is the ARTC. But there is going to be an ongoing need to help them communicate well, manage community concerns, listen to them and respond to them into the future.

**Senator WATT:** Dr Taylor, I think you said this tender was valued at $80,000?

**Dr Taylor:** Yes, and a subsequent one was put in place following.

**Senator WATT:** For another $110,000?

**Dr Taylor:** That might include travel but it seems about right. My memory of the extension is that it was up to around $169,000, so there might be a GST inclusion that we are talking about there.

**Senator WATT:** Okay. You'll come back to us on that as well?

**Dr Taylor:** Yes.

**Senator WATT:** Thanks.
Senator DAVEY: People who live close to the inland rail understand the need for some empathy to be brought out. We have watched the ARTC’s early efforts at consultation. Frankly, anything that can improve on that should be welcome. We want to see this billion-dollar nation-building project go ahead. I want to focus on what it means to the communities that will be impacted. The Parkes to Narromine stretch is under construction or completed?

Dr Taylor: It is under construction.

Senator DAVEY: How many local people is that actually employing?

Mr Smith: Parkes to Narromine construction is underway. One section has already been delivered. In terms of the local benefits on the ground, 373 local residents have worked on the project, 88 of whom are local and Indigenous employees. In terms of businesses—because local business is obviously another focus—$42.1 million has been spent with local businesses, including $5.3 million with Indigenous businesses. From outside that area, ARTC has ordered steel for both the Parkes to Narromine section and other sections. A total of 20,500 tonnes has been delivered and we have on order 38,600 tonnes of Australian steel so far.

Senator DAVEY: That is Australian steel?

Mr Smith: Yes, from Whyalla.

Senator DAVEY: So that is Australian steel, Australian jobs, South Australian jobs, Whyalla jobs. So the benefits of this program are not limited to the Parkes to Narromine section, they stretch on for—

Mr Smith: Correct.

Senator DAVEY: Do you have the dollar value of the value-add of the project?

Mr Smith: In inland rail, there has been a comprehensive business case that showed 16,000 jobs during construction and operations, and a $16-billion boost to GDP. In addition, you need to look at the private sector investment that is happening up and down the alignment. In Parkes at the moment, and in Toowoomba, a number of private sector players are investing. And it is not only about the private-sector money, it is also about the future jobs there as well.

Senator DAVEY: And I have also spoken to investors who are very keen to invest along the rail route. Can you talk me through the connection strategy that is included? The last budget included $44 million for an inland rail interface improvement program. Can you outline how that is progressing and the rollout of that.

Mr Smith: I might start then pass over to Dr Taylor, who is the person responsible for delivering that. As you point out, in the 2019-20 budget, the government announced $44 million for two programs to look at inland rail interface improvements. That is $20 million on a productivity enhancement program that is looking at improving the efficiency of the freight supply chain up and down that alignment and a further $24 million looking at upgrading capacity and connections for country lines that will connect to inland rail.

Senator DAVEY: We've just heard from the fast rail project, and they are looking at Parkes to Sydney. They emphasise that their interest is in passenger connections, which is understandable. But is part of the work you are doing on the interface program actually looking at whether there is a possibility—I understand that Parkes is going to be a significant intermodal hub. There is potential for great investment in regional New South Wales,
increased jobs and industry moving out there. Have you looked at the passenger connection to inland rail, and the freight connection, and how we can maximise the benefit of those two projects?

Mr Smith: We are, obviously, predominantly looking at freight and, through that interface program, we are looking at the various connections there. Parkes is obviously well connected to the north, south, east and west. I guess that's why it's a natural spot for an intermodal hub. Country lines, I think we need to remember, are often dual lines; they are often servicing passengers as well as freight. So any upgrades to those lines, or any additional connectivity, will often provide some additional benefits there. We are not specifically looking at that, but we do work closely on a number of projects. You mentioned earlier the Albury to Melbourne side of things. Obviously, that is an inland rail but it is also an upgrade in the passenger side of it because it is a shared line there. Where possible we do look at it, but we are predominantly looking at freight.

Senator DAVEY: How are you going working with the states and across the border? Have we got across the line all the intergovernmental agreements that we need with the states?

Mr Smith: We obviously have agreements with Victoria and New South Wales. We are still in good conversations with Queensland to secure the final agreement there. Hopefully, the government will soon be able to announce something there.

Senator DAVEY: In this current environment, we as a federal government are getting an awful lot of pressure to bring forward infrastructure projects and get the money out the door earlier. What is the delay in getting Queensland across the line?

Mr Smith: Queensland will need to speak for themselves. It is a complex project. Obviously in Queensland it is crossing a number of greenfield areas. But we are having good conversations at an official level to progress the bilateral.

Mr Yeaman: There is no doubt that it has taken substantially longer to secure an agreement with the Queensland government to move ahead with this project than it did with Victoria and New South Wales. That has been a source of some frustration for us and, I think, for the government. As Mr Smith said, there have been a number of recent engagements between the Commonwealth government and the and Queensland government, and we think we are now close to reaching an agreement that will work for both parties. But it has taken longer in the case of Queensland to get to this point.

Senator DAVEY: I have read some media that Queensland want to put limitations on what can travel across the line, such as coal, for example. Is there any constitutional capacity for the Commonwealth to restrict what can be put on these freight lines?

Mr Smith: We don't have any specific legal advice around that. It's probably fair to say that coal currently operates from Queensland to the Brisbane port along the Ipswich line and, as you alluded to, the Queensland government has indicated that that's its preference for the immediate future, at least. I do understand that, through ARTC's current sublease—and I'd need to take the details of this on notice—the CEO of TMR would need to approve any change to what travels along that route from Kagaru to Acacia Ridge. That would require some level of endorsement. Also obviously there's the EIS process and state planning.
processes, and restrictions could be put in place through those types of things that the
operator, being ARTC, would need to comply with.

Senator DAVEY: So it's a state government restriction as opposed to a Commonwealth
government restriction? We're talking hypotheticals here.

Mr Smith: Yes. We're not looking at putting any restrictions on. It's a specification of
Queensland.

Senator DAVEY: The Inland Rail was funded through equity funding over its lifetime.
What is the lifetime of the project?

Mr Smith: Rail is a long-term investment. Inland Rail, we're forecasting, will be around
for at least 99 years. We're certainly looking at securing longer term leases with the states
once it is built—of up to those 99 years—to ensure that the Commonwealth gets an adequate
return on its investment.

Senator DAVEY: When do you expect to have the full return of the equity funding? What
sort of return-on-investment time frame are you looking at?

Mr Smith: I'd have to take the specifics on notice, but certainly the Commonwealth does
expect to get an appropriate return on its investment that is at least equivalent to, if not more
than, the long-term bond rate, which meets the accounting standards, the budgetary standards,
for classification as equity.

Mr Yeaman: We have canvassed this with the committee in the past, but our
understanding, our expectation, is that Inland Rail will be cash flow positive from the day it
opens, enough to cover the maintenance costs and operating costs of the rail line. That will
then generate, over time, sufficient returns to offset the capital cost of the investment.

Mr Smith: Just to add a little bit more to that: we do expect to get our capital costs back
over 42 years.

Senator DAVEY: That's just the capital costs, though. All of that doesn't take into
account the flow-on, the value-add benefits, of the project in general or the benefits to the
community?

Mr Smith: No. This is our specific investment in ARTC.

Senator DAVEY: We've got 373 locals employed on the Parkes to Narromine route. Are
you expecting similar employment figures for similar lengths of track as the project
continues?

Mr Smith: As we roll out up and down the alignment, there will be letters from
shareholder ministers to ARTC. Consistent with the current one, there'll be a strong emphasis
on local employment and local procurement. That will vary depending on the skills and
capabilities and also depending on the size of the project itself. Some are larger, some are
smaller. But you would expect similar ratios.

Senator DAVEY: There is a requirement to try and get adequate Indigenous participation,
employment and use of Indigenous businesses as well?

Mr Smith: Yes, consistent with the Parkes to Narromine section, there will be a clear
focus on local and Indigenous procurement and employment.
Senator ROBERTS: The current plan for the Inland Rail will direct 87 long coal trains and 45 double-stack container trains through suburban rail from Kagaru to Acacia Ridge every week. Is that correct?

Mr Smith: The business case certainly had forecast coal trains. I think it was 87. That sounds about correct.

Senator ROBERTS: Will the coal trains be covered or sprayed to stop dust affecting the thousands of homes along that route?

Mr Smith: We recently talked about the fact that at the moment the Queensland government has indicated that coal trains will continue on the existing Ipswich line.

Senator ROBERTS: But will that be the case, that they'll be protected from the dust?

Mr Smith: On the Ipswich line?

Senator ROBERTS: On this line, yes.

Mr Yeaman: Two points, Senator: at this stage, based on the advice of the Queensland government, it may be that those trains you've talked about are not running on the line from Acacia Ridge to the port for some time. That's still a matter for negotiation between the two governments. In terms of the treatment of those coal trains, if they were to be travelling on that route, they'd have to comply with the relevant Queensland government environmental approvals. The environmental impact statement is put out, and when the Queensland government applies its environmental rules to this project it may indicate treatments such as those you describe, but that will be a matter for the Queensland government to go through that EIS process.

Senator ROBERTS: Thank you. We're just passing on concerns from citizens. In addition to these rail movements, the current plan will see some freight offloaded at Acacia Ridge onto B-doubles to complete the freight's journey. This may be back out of Brisbane, into northern Queensland. What B-double movement do you anticipate on top of the rail movements we just spoke about?

Mr Smith: We'll need to take the detail on notice.

Mr Yeaman: Currently, there are discussions going on between the Queensland government and the Commonwealth around what the intermodal terminal needs will be for inland rail. We're doing that work now; there is discussion about what additional intermodal capacity we will need. There's no doubt you're correct, Senator; a large amount of the material that is transported on inland rail will be distributed through Brisbane and through Queensland by road. We expect that. That work we're doing with Queensland around intermodal terminals will give us a better idea of what sorts of movements will be generated, where it will travel and what's required to make it work.

Senator ROBERTS: That was one of the selling points of the public-private consortium, that they would be able to avoid all that congestion. I'm wondering if you understand the level of congestion.

Mr Yeaman: Which private-public consortium?

Senator ROBERTS: It's headed up by Martin Albrecht.
Mr Smith: We should also say that as well as the intermodal terminals, we're obviously exploring with the Queensland government the connections to the Port of Brisbane—again, looking at the future freight needs for that area as well.

Mr Yeaman: I would also add that part of the push for inland rail itself is to actually move a substantial amount of load from road to rail to ease congestion in other parts of the country. I'd imagine on highways it would improve road safety. That is something we're very supportive of, and we want to see more moved to that rail.

Senator ROBERTS: The plan calls for the rail line to be built through a flood plain south-west of Toowoomba, on a two-metre embankment with culverts for drainage. Should those culverts block in a flood, the concern is that this could cause catastrophic flooding. There is also concern that the line will be damaged by flood waters. Could you tell me what flood events have been modelled, or were modelled, in deciding this was a feasible idea?

Mr Yeaman: Senator, we need to refer those questions to the Australian Rail Track Corporation. It's not scheduled to appear here today, but it has responsibilities for the flood modelling. We're involved in it, but they are undertaking extensive flood modelling. They're seeking independent expert assurance of the modelling they undertake.

Senator ROBERTS: Have they done the modelling yet, or they will do it?

Mr Yeaman: They're in the process of doing that now. They have been talking to local community members and feeding in the local information on the ground. That has been presented to them as well, rather than just provide an abstract modelling exercise. That work is underway now, and that will help determine the ultimate engineering solution—whether it is culverts, whether it's a full bridge, so how that's constructed and what impact it may have.

Senator ROBERTS: What modelling was done on the Yelarbon to Millmerran route in order to decide the current route is better?

Mr Smith: Senator, if you bear with me, I will turn to the correct section. In that area there was an independent review that was undertaken. That was also led by Mr Bruce Wilson, to ensure community engagement was undertaken there. Four routes were looked at, and MCA modelling was undertaken there to determine the best route.

Mr Yeaman: MCA is multicriteria analysis.

Mr Smith: So it was an independent like-for-like review of the routes.

Senator ROBERTS: I understand that the regional route was changed. Is that right?

Mr Smith: Yes, the original route was—

Senator ROBERTS: What were the reasons for that?

Mr Smith: Constructability—the original route was going through I think the town of Kingsthorpe, from memory. That posed constructability issues around there. So, the current proposed route was the best alternative route.

Senator ROBERTS: Will there be onload-offload points along the route?

Mr Smith: Yes, there will.

Senator ROBERTS: What percentage of trains will stop at those points?

Mr Smith: We'd need to take that on notice. That work obviously is still in progress. But it's fair to say that there are a number of crossing loops. There are also a number of plans for
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various intermodal terminals—grain handling facilities. Part of the inland rail Interface Improvement Program will look at possible connections and upgrading to some of those arrangements, so that would need to be looked at.

Senator ROBERTS: When would we be able to see somewhat complete plans?

Mr Smith: That is a progressive program over a couple of years, so we'd need to look at that over that sort of period. But if I take it on notice I can come back to you with some more specifics around that.

Senator ROBERTS: Okay; thank you. On 20 February 2018 ARTC executive John Fullerton conceded that this model for inland rail will never recoup its construction costs. Is that still the case?

Mr Smith: No. I'd have to look at the specifics of what he actually said, but the business case is very clear that it will be cashflow-positive from day one and will recoup its capital costs in 42 years. I have a feeling Mr Fullerton might be talking about a fully commercial return on inland rail.

Senator ROBERTS: Okay. Perhaps you could let us know.

Senator McMAHON: The Northern Territory currently has a north-south rail line providing freight and passenger services between Adelaide and Darwin. Construction of an east-west rail line connecting to Tennant Creek is a project that has been examined previously. Such a project would allow expansion of freight and passenger services for the Northern Territory and has potential to drive development of the Darwin port as a freight entry point. Feasibility of the East Coast Link has been examined by the federal government in the past, with follow-up studies conducted since then. What's the current status of the possibility of this rail line?

Mr Yeaman: At this stage, in relation to the inland rail project, there is active consideration being given by government to invest or pursue that project at this time, and it hasn't been raised with us, to my knowledge, by the Northern Territory government. Having raised it, we will make some further inquiries and see whether there has been any approach. But at this stage it's not under active consideration.

Senator McMAHON: Can you detail what conclusions have been drawn on it in the past?

Mr Yeaman: I'd have to go back and have a look at those previous reports. At the moment it's not under active consideration.

Senator McMAHON: And at the moment there are no plans to further pursue this idea?

Mr Yeaman: Not at this stage. Given that you've raised it, we'll go back and have a look at it, but at this stage no.

Senator McMAHON: And the Northern Territory government hasn't raised the issue with you at all?

Mr Yeaman: Not to my knowledge, no. We've met with them regularly, and it hasn't been in any of my discussions with them.

Senator RENNICK: Modelling from the CSIRO indicates that the average transport cost saving of $76 per tonne can be achieved by shifting specific agricultural supply chains from road to inland rail. I don't know whether you're going to know this off the top of your head,
but would you know what the total cost is—what the percentage that is of the total cost? Is it 10, 20, 30 per cent? It seems like a lot.

Dr Taylor: I can take that one. The supply chains that you're referring to are for horticulture and post-processed foods. The supply chains were modelled using CSIRO's TraNSIT model, the Transport Network Strategic Investment Tool; it's been used for Northern Australia Beef Roads and other things. The TraNSIT indicated that those two supply chains—horticulture, post-processed food—have an average length of about 2,000 kilometres and the average cost is about $220 a tonne. So $76 represents around 34 per cent.

Senator RENNICK: That's a lot. Thank you—great answer.

Senator STERLE: I want to go to the earlier response on the social licence strategy contract. We're told it was worth $80,000. But AusTender reports two contracts totalling $190,000—I came in on the end of it; I heard you and Senator Watt talking about it—and one of them included one for $157,520. Can we get some clarity around this and the procurement side of things?

Mr Yeaman: I think we did. In the previous answers it was noted that there was an original contract which was for around $80,000, and there was a subsequent extension of that contract at a later stage after the first tender had been allocated—

Senator STERLE: Of that $80,000?

Mr Yeaman: Correct.

Senator STERLE: Which was how much?

Dr Taylor: If AusTender says it's $190,000 it's $190,000 in total.

Senator STERLE: But it's one contract. It comes in two parts because one was extended?

Dr Taylor: One was extended and then there was a second scope of works for the second part.

Senator STERLE: Okay. There was $80,000 and that was extended to how much—$157,000?

Dr Taylor: It sounds like that's the right number.

Senator STERLE: And then there was another one for 20-odd grand?

Dr Taylor: Something that adds up to $190,000, so $33,000.

Senator STERLE: What was that one for?

Dr Taylor: Very likely to be the delivery of the draft strategy that we talked about.

Senator STERLE: Have you got something there?

Dr Taylor: I'm happy to take it on notice and provide the direct response and the strategy.

Senator STERLE: So there was one then another one?

Mr Yeaman: We'll confirm the exact numbers and the scope of works for the second one.

Senator STERLE: Great.

Senator GALLACHER: Could I ask a question?

Senator STERLE: By all means.
Senator GALLACHER: At what stage did the amount of the contract exceed the procurement guidelines, or did it? You said $80,000 was under the procurement guidelines. I'm presuming $190,000 isn't.

Dr Taylor: That would be over $80,000. Typically you'd go for—

Senator GALLACHER: So it was right on the money. And then there was an extension and then more extensions, so it doubled.

Dr Taylor: This contract and the scope of works expanded out, so the cost expanded out as well.

Senator GALLACHER: What happens if you say, '80,000 is the threshold, but, hang on, there's more,' and you end up at—

Dr Taylor: $190,000 is the number quoted.

Senator GALLACHER: Do you have to go through the procurement requirements then?

Mr Smith: If I could help: every contract, regardless of whether it's an extension or you go out for a new procurement, you have to ensure you achieve value for money. So the value for money assessment would have been done.

Senator GALLACHER: Hang on. I didn't mention the threshold; Dr Taylor did. You have a threshold that allows you to do something, and then you added onto it. The worst possible interpretation is to contend that you went outside the procurement guidelines, deliberately.

Dr Taylor: The procurement guidelines allow for limited tender, and, as the scope of works increases, the cost increases. That's exactly what happened in this case.

Senator GALLACHER: You went from $80,000 to $190,000 by accident?

Mr Yeaman: I think Mr Smith's point is that, in that circumstance, which does happen from time to time, the original tender was under the guidelines, so we'd opted for a limited tender approach. Then, when subsequently the scope of work increased, there are rules around how you approach that. We still need to demonstrate, in securing that extension, that we secured value for money.

Senator GALLACHER: I'm not sure how you'd demonstrate value for money when you have a limited tender which you keep extending. But I'll leave it at that.

Senator STERLE: Minister, given your response earlier today on the Moira Shire, do you believe the government needs a social licence strategy for drought policy as well?

Senator McKenzie: No, I don't.

Senator STERLE: Okay.

CHAIR: Well, that is good news. We're going to smoko. Thank you very much, Inland Rail officers; you're excused.

Proceedings suspended from 20:40 to 21:01

Mr Yeaman: In the table we provided earlier today, which is the car park projects, were the Urban Congestion Fund projects. I have a list here which breaks down the car park fund projects. I also have a list here which breaks down which of the Urban Congestion Fund Projects were announced prior to the 2019-20 budget that we pulled together. So I have those two that I can provide to the committee.
There was also a question from one of the senators around the Oat's Street-Welshpool Road level crossing project in Western Australia. I have some information on that. We're still looking at some of our records, but those projects were raised with us as part of our Metronet steering committee by the Western Australian government and so they were identified as a state priority at that point.

Senator STERLE: That's great, Mr Yeaman. And you're tabling those—

Mr Yeaman: I'll pass them to the secretariat.

Senator STERLE: Brilliant.

Senator GALLACHER: Ms Spence, can you take on notice the number of limited tenders which have exceeded the cap of $80,000 in the last two years. I just want a picture of whether this is unusual, or you are doing a limited tender at $80,000 and subsequently building on because that $80,000 to $190,000 seems a bit extraordinary to me.

Ms Spence: Senator, we'll take that on notice.

Mr Stankevicius: Madam Chair, if I could also respond to a question that was asked of Senator McKenzie earlier today in the Regional Deals discussion. Senator Watt asked when the Australian government was first approached about the Albury-Wodonga Regional Deal. I can say that the mayors of Albury and Wodonga first wrote to the government and former Prime Minister Turnbull in April 2018 calling for that regional deal.

CHAIR: Terrific; thank you. I welcome Cities Division. Senator Sterle.

Senator STERLE: You know what: I haven't heard Senator Brown's dulcet tones all day, so I can't wait!

CHAIR: Senator Brown, you kick off.

Senator CAROL BROWN: Given the time, I'll be as quick as possible. If you can assist me, that'd be good as well. I'd like the department to please provide a breakdown of the following information: a list of formal meetings and meeting dates for the current City Deals and City Deals under negotiation. Please include all details of state governments, local governments and participating stakeholders for Townsville, Launceston, Western Sydney, Darwin, Hobart, Geelong, Adelaide, Perth and South-East Queensland. If you would like to take that on notice, that would be good.

Mr Yeaman: We will have some of that information here, but to read it all out one by one would take an amount of time for the committee. We're happy to take it on notice and provide it separately.

Senator CAROL BROWN: Thank you very much. So, has the department been informed by the minister of any commitment to progress any new City Deals?

Mr Wood: The two most recent city deals are proposed for Melbourne. They were committed to in the middle part of this year. We're currently in the early stages of discussions for the city deal with Melbourne where we're looking for city deals, it is proposed at this stage, one for the south-east of Melbourne and one for the north-west of Melbourne. We are also engaged in discussions on the Perth city deal and South-East Queensland, but there is no commitment that we're aware of beyond that at this point.

Senator CAROL BROWN: So North-West Melbourne, South-East Melbourne and Perth?
Mr Wood: And South-East Queensland.

Senator CAROL BROWN: If you could provide all the details that I have asked for on the previous city deals on notice?

Mr Wood: Certainly. With Perth, I can advise that there are stakeholder meetings at the end of this month. While there has been a range of ongoing engagement with state government, the first external meeting with stakeholders that are large scale is at the end of this month. We have recently undergone stakeholder roundtables in South-East Queensland and in Melbourne.

Senator CAROL BROWN: Can the department explain why key documentation such as the Smart Cities Plan and the Delivering City Deals still has the Department of Prime Minister and Cabinet's branding from the Turnbull government?

Mr Yeaman: It is a legacy issue. They were point-in-time documents and at the time the portfolio function sat inside PM&C. Those documents are still live, if you like, from that point. We haven't updated them for our department, but the policy stands.

Senator DAVEY: You haven't decided to spend the extra money rebranding them, in other words, which should be commendable when we think of the budget constraints!

Mr Yeaman: We have not.

Senator CAROL BROWN: I don't think so. Either Malcolm Turnbull is Prime Minister or—anyway. Does the minister use the department frameworks like the Smart Cities Plan and the Delivering City Deals plan in preparing and implementing the city deals?

Mr Wood: The Smart Cities Plan set out the government's policy towards cities. City deals are still prepared in line with that document.

Senator CAROL BROWN: City deals are still prepared in line with the department framework? Is that what you're telling me? Just yes or no.

Mr Wood: I'm not quite sure what the department framework is in that case, but the approach to city deals, while there has been evolution of city deals—

Mr Yeaman: I think that's right. The answer essentially is yes, but it has evolved over time beyond those documents to take account of new government priorities and factors.

Senator CAROL BROWN: So that's the only framework that you use? I'm trying to understand how you come about determining city deals. What framework do you use?

Mr Wood: One of the key factors of a city deal is establishing a vision for the city jointly with our negotiating partners from states and local government. So that really reflects the establishment of the framework a city deal for each one. Each one is slightly different. It is place based policy intended to reflect the specific requirements of an individual city.

Senator CAROL BROWN: I want to go to the Townsville city deal. In the final budget outcome for the 2019-20 year, there is no mention of the $5 million funding. What was the purpose of this funding and why wasn't it spent?

Mr Wood: There was $5 million—and I assume this is the amount referred to—which was allocated for the business case for the Horton pipeline. That money was expensed in part. The consultancy that was undertaken for that business case did not total $5 million, and we
currently are working with government to see if we can bring that money forward to other priorities in the future.

**Senator CAROL BROWN:** How much was spent?

**Mr Wood:** I will just check that for you. It is approximately $2.4 million, but I will just come to that—

**Senator CAROL BROWN:** Was the work completed?

**Mr Wood:** Yes. Indeed, the business case for the Haughton Pipeline has been published. It is available on our website.

**Senator CAROL BROWN:** It just came in under budget?

**Mr Wood:** That's correct. It was a very indicative estimate at the time that commitment was made, and the consultancy came in at a lesser amount.

**Senator GALLACHER:** I think yes was the answer. The answer was yes.

**Senator CAROL BROWN:** So that funding is not necessarily back into the city deal?

**Mr Wood:** We are still working with government on that. That's a matter for the budget.

**Senator CAROL BROWN:** The work was done; it just came in under budget?

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

**Senator CAROL BROWN:** Is there a standalone progress report for 29 April for the Townsville city plan?

**Mr Wood:** The progress report for the Townsville city deal was released earlier this year. I believe it was April, and I might just ask Ms Forbes to confirm that.

**Ms Forbes:** Yes, the annual report was released in April this year.

**Senator CAROL BROWN:** Is it the same as the April 2018 report?

**Ms Forbes:** No, they are two different reports. The annual report published in April 2019 was—

**Senator CAROL BROWN:** Is there any difference between the April 2018 and April 2019 reports?

**Ms Forbes:** The annual report was published in 2019; April was for 2018.

**Senator CAROL BROWN:** No, the progress report. In terms of the Townsville city deal, is there a difference between the progress report that was published in April 2018 and the report that was published in April 2019?

**Ms Forbes:** Yes.

**Senator CAROL BROWN:** What is it then? Because I can't see what progress has been made—other than the date. Can you tell me something other than the date?

**Ms Forbes:** Each annual report goes over the commitments and how they are tracking and being delivered.

**Senator CAROL BROWN:** Is there any change in terms of the progress? The progress that's been reported in those reports.

**Ms Forbes:** Yes, it goes over each of the commitments and outlines the progress of each of those commitments. For example, the Townsville stadium, it is outlining how the stadium
has progressed and other commitments, how they have been tracking and some have been completed.

Mr Wood: I don't have the April 2019 document in front of me, but I can indicate some progress for the Townsville city deal—importantly, the finalisation of the funding agreements for the stage 2 Haughton Pipeline, including completion of the business case. The North Queensland Stadium as at 29 June was 64 per cent complete, and obviously has moved on since there. So it is moving ahead well to its completion next year. A range of other commitments continue to be delivered through the city deal. The Townsville channel capacity upgrade for the port is well underway. Over the next six months the reclamation of the area rock wall for the port or over half of the rocks, which is 370,000 tonnes of rocks, will be moved to that location for the port work.

Senator CAROL BROWN: Do you deal with all the city deals?

Mr Wood: The cities division looks after all of the city deals with the exception of the Western Sydney city deal, which is dealt with through our Western Sydney Unit, although we do have officers here for that as well. But we do work across all city deals, yes.

Senator CAROL BROWN: How do you monitor and evaluate the progress of the delivery of the commitment?

Mr Wood: There are a number of ways in which we do that. As you have indicated here is an annual report. We also every three years do an evaluation and an update of the city deal. We are about to commence work on the first of those three-yearly reviews for both Townsville and Launceston. They'll be delivered, I expect, around the time of budget estimates next year. We will have those in the public domain around that time—it may not be precisely that time. We also get reports from our various delivery agencies on the progress and delivery of individual projects. The other thing the government has in place is the National Cities Performance Framework, which is an online dashboard that produces around 50 metrics for the performance of 21 cities across Australia. While not directly linked to City Deals, this gives an indication of the various performances of our cities.

Senator CAROL BROWN: With the information that you've provided on the Townsville City Deal, there are a number of policy elements and other undertakings that have no funding attached to them. Are they not part of the City Deal?

Mr Wood: With City Deals, one of the key elements of the City Deal is that, rather than just being a collection of infrastructure projects, there are a range of other initiatives. They might be reform or governance initiatives, in kind or with other support, so they are not all dollar amounts. Indeed, of the approximately 190 commitments that have been made in City Deals—

Senator CAROL BROWN: Sorry, Mr Wood, I don't want to interrupt you, but some of these just say, 'Future opportunity.' Are they things that are for further discussions for—

Mr Wood: Those are projects that may not have commenced at this point. They are commitments that have been made—

Senator CAROL BROWN: They have been made?

Mr Wood: Yes, they are part of the City Deal, but have not yet commenced. In most of those cases, they're by the local council or the state government.
Senator CAROL BROWN: Okay. I'm just quickly reading the fine print. Can we ask on notice about the funding amounts for those elements that you haven't provided any information for?

Mr Wood: Yes. I might just check with Ms Forbes, but I think they are actually not funding commitments; they're policy or reform or planning undertakings. I might just confirm that if—

Senator CAROL BROWN: Urban renewal and revitalisation?

Mr Yeaman: Those are ones that do not have a current Commonwealth government funding agreement under City Deals. They may, in future, lead to proposals that the Commonwealth may wish to fund.

Senator CAROL BROWN: So they are just proposals that have been floated for further discussion?

Mr Yeaman: They will either be commitments that the state or local government has made that don't involve Commonwealth funding, which we are tracking as part of the deal implementation but are not actually Commonwealth funded, or they'll be processes that were agreed as part of City Deals to undertake further work or set up different groups that may eventually lead to a funding call, but that would be considered at the time.

Senator CAROL BROWN: Okay. That's pretty much what I thought City Deals was about. How much is the Geelong City Deal? What's the total funding package?

Mr Yeaman: It's $370 million.

Senator CAROL BROWN: I'm assuming the money is transferred to the Victorian government. Is that the way it works?

Mr Wood: That $370 million total includes Victorian government funding.

Senator CAROL BROWN: So yours is $183 million?

Mr Wood: Yes, that's the Commonwealth contribution: $183.3 million. It varies between particular City Deals, but, in the case of Geelong, I think the state government will be undertaking all of those projects.

Senator CAROL BROWN: Can you explain to me how the transfer is working. The federal government, if I'm reading your document correctly, transferred $4.6 million in 2018-19, then $30.25. Have those transfers been made for 2019-20?

Mr Wood: In the case of the Geelong City Deal, these are the commitments that are in the current budget. The $4.6 million that was originally allocated for 2018-19 was not actually paid at that time. So that's going through budget processes at the moment to bring that forward into the future. That's because the deal—

Senator CAROL BROWN: So that hasn't been transferred?

Mr Wood: It hasn't been, because the work hasn't been commenced on those projects. The implementation plan for the city deal was finalised just this month, with the funding agreement to be finalised. So we're just working through the budget process to make sure that $4.6 million is available for those projects.

Senator CAROL BROWN: Now that it has been finalised, when will it be transferred?
Mr Wood: The final details of the funding agreement between the Australian and Victorian governments are just being settled at the moment. We'd expect that final funding agreement—it's a project plan under the federal financial framework—to be finalised over coming weeks. We're just settling details of that with Victoria.

Senator CAROL BROWN: And that will include funding for the out years as well?

Mr Wood: That's correct.

Senator CAROL BROWN: Are there any outstanding issues, in terms of the Geelong City Deal?

Mr Wood: Settling the funding agreement. But, no; the key deliverable recently has been the finalisation of the implementation plan, which essentially sets out how and when those projects will be delivered.

Senator CAROL BROWN: Now we're going to talk about my favourite city, Hobart. We could be here for a long time!

CHAIR: Senator Brown, perhaps I could ask somebody else to ask a question and come back to you. Would that be all right?

Senator CAROL BROWN: Sure.

CHAIR: Senator Brown, I can tell you that, as a resident of Townsville, we are loving the city deal, particularly in regard to the stadium. We're looking forward to having Elton John there in February.

Senator CAROL BROWN: I heard about Elton and I heard about how they had to cut the fence open.

CHAIR: I hadn't heard that. Maybe I could have got in; I bought a ticket.

Senator CAROL BROWN: To see Elton?

CHAIR: That's what I meant to say—I had my ticket with me.

Senator PATRICK: You're under privilege; it's all right!

Senator DAVEY: I did hear someone mention the Albury Wodonga deal, but it's a regional deal. Can we talk about that tonight?

Mr Yeaman: We did have a conversation around that earlier, in the regional portfolio section. If there's a further question, we can answer it here.

Senator DAVEY: Good. I've got here that that was first floated in 2018. It was announced by the minister at the first Rural Press Club presentation outside of Canberra earlier this year. How is that regional deal progressing?

Senator McKenzie: As we discussed earlier, we're waiting for state governments to actually come to the party. As you would know, both the Albury council and the Wodonga council have done an extensive amount of work to get this deal done. We stand at the ready to support further strategic work. It's not just about the infrastructure projects for this deal; this is one of the pilots that's actually looking at the cross-border anomalies that can sometimes really stifle growth and investment in regional communities, so we're wanting to get that deal done. But we heard this morning that Mulino and Barilaro had a meeting today, which is fantastic. We were going to have to wait for two state elections and a federal election, so having those two ministers meet and discuss the potential for New South Wales and Victorian
governments to partner with us and with local councils to deliver for this community is incredibly exciting. Did you have anything else to add?

Mr Stankevicius: No, you've done a great job, Minister.

Senator DAVEY: Very good. It is a deal that I worked on before my political life, so I'm really pleased to see that it crossed the line. If that goes ahead, what is it going to mean for that regional area?

Mr Stankevicius: I think there are a range of opportunities. You'd know what a beautiful and amazing place Albury Wodonga is and the potential that it has. I think the process of a regional deal will help us align what those councils, those state governments and the Australian government can invest across that area and, as we talked about this morning, what other councils might be included in it, if it makes sense in a productivity and a liveability sense. So we are looking at how far and wide those opportunities go—everything from agricultural innovation to expanded tourism opportunities. As the minister mentioned, there are some fantastic opportunities which have already been explored in the health area between the jurisdictions in terms of the sharing of service delivery. For example, at the moment—as you're probably aware, Senator—Wodonga takes responsibility for healthcare provision on both sides of the border. Certainly, in our initial discussions at the grassroots level in April and June this year, there were a range of areas that we were provided with where that example could be applied in other areas. TAFE is another really good example. There are some really strange rules around TAFE at the moment in terms of where you live versus where your employer is versus where your TAFE provider is, and they're absolutely, as the minister indicated, impacted by that cross-border regulation and those cross-border guidelines. So we think there are some real opportunities across almost all the sectors, but certainly that kind of path-leading work on sharing cross-border service provision is one on which we're keen.

Senator DAVEY: On that, because the cross-border issues are very real in that area but they're almost matched in South-East Queensland, will the lessons learnt from Albury-Wodonga be taken into account as you're looking at and negotiating the South-East Queensland deal?

Mr Stankevicius: One of the first conversations we had, even before we went to visit Albury-Wodonga in April, was with the cross-border commissioners from both New South Wales and Victoria. They're very keen to see how we can work more closely together in developing this deal, because of course—as you quite rightly point out, Senator—there are other cross-border opportunities. We know Tweed Heads-Coolangatta here is a similar challenge in terms of how close those border arrangements are. There's obviously also some sharing of the border between Victoria and South Australia and some communities there where there could be a better alignment of service delivery. As to whether we're talking about specific zones and whether the kind of arrangements we come to in Albury-Wodonga are replicable, I think you've heard the minister mention a number of times that these are pilot deals. We absolutely want to be able to take these and see whether it would work on Queensland and New South Wales or on Victoria and South Australia and whether it works for this community. I think that's the most important thing. We want to make this community be all it can be, and that's the most important outcome we can get from this.

Senator DAVEY: And the satellite communities. I'll add that, because anything that helps grow a regional city also has a flow-on impact to the satellite communities.
Senator McKenzie: For the whole catchment.

Senator DAVEY: Yes, which is really important.

CHAIR: Excuse me. Senator Watt returning has reminded me that we received a number of documents from the department to be tabled. Can we just get agreement from the committee that those documents as provided be tabled, please.

Senator STERLE: Yes, naturally.

CHAIR: Thank you, Senator Sterle.

Senator DAVEY: I think that's it from me.

Senator ANTIC: I'm interested in the Adelaide City Deal. In particular, there are about eight or nine different hubs, I think, throughout Osborne, the naval shipyard, and down to Waite and Tonsley in the south, but really the epicentre of it, I think, is Lot Fourteen in Adelaide, which is a really exciting project. The overall spend there, according to this, is about $364 million, but, when you add up the various other bits and pieces that go in there, a lot of those projects, of course, are going to be inside Lot Fourteen: the Aboriginal art and culture centre and Mission Control and that sort of thing. So there's a reasonably sizable spend on that particular area. It's going to be a big deal for the city, but have we got any numbers on what the likely economic returns to the city and the state are going to be as a result of this? It strikes me that there are some real tourist attractions and drivers in there with the Australian Space Agency and other bits and pieces.

Ms Quigley: As you say, Lot Fourteen is the centrepiece of the deal, and the South Australian government will take the lead in rolling that out. You mentioned the funding. There's $150 million of Commonwealth funding that's going to specific projects in Lot Fourteen, as well the $364 million from the South Australian government. In terms of the economic outcomes that Lot Fourteen will develop, that's still being worked through, I think, because we're in the early stages of the development of Lot Fourteen. A lot of those economic drivers will be brought out, I think, during that scoping and consultation phase.

Senator ANTIC: As you say, and it does refer to that here, we're in the very early stages with an implementation plan. They are all smaller sections of a bigger project so they will, presumably, get rolled out further down the course. But is there any indicative time frame for the completion, generally, though?

Ms Quigley: The implementation plan we're only a few weeks away from finalising, and we're trying to find dates with the leadership group, which is the Premier, the mayor and our Minister Tudge, in finding a date to launch it. I would expect that we would try and get that done by November.

CHAIR: Thank you, Senator Antic, for that.

Senator GALLACHER: Can I just confirm, you've just given evidence that there's $150 million of Commonwealth money spent with no prediction of an economic return, no evaluation?

Ms Quigley: It hasn't been spent, but it will be contributing towards the Lot Fourteen innovation precinct.

Senator GALLACHER: But there's no indicative return on that investment, at this stage.
Ms Quigley: Not in an economic sense, in terms of what modelling has been done. But the innovation precinct is bringing a whole range of—

Senator GALLACHER: I come from Adelaide. We had the Multifunction Polis; we've had a lot of things over the years, and not many of them have come to much fruition. It's $150 million and you haven't done an economic summary of the return.

Ms Quigley: No.

Senator CAROL BROWN: In the interest of time, Madam Chair, we'll finish with the City Deals and go to civil aviation, if that's okay with you?

CHAIR: That's very okay with me. Is that okay, everybody else?

Senator STERLE: That's a great idea.

CHAIR: Terrific. Thank you very much.

Senator PATRICK: Following on from my previous question, once again, government has allocated about $50 million—it might be $100 million—to regional airports to pay for security screening equipment, which is being imposed upon regional communities, by a new requirement, from Home Affairs. This committee heard evidence in its inquiry last year that the ongoing cost of security was somewhere between $560,000 and $730,000 per annum, typically. Those are your numbers, in your submission, or in the Home Affairs submission to the inquiry.

I'll read out to you something from Qantas, at the hearing we had in Darwin, talking about these security costs. A very good example is South Australia, where we have two Q300s based in Adelaide, operating to Port Lincoln, Whyalla and Kangaroo Island. All three markets will then be subject to security costs, we estimate, of between $700,000 and $1 million a year of ongoing operating costs. We've been very clear with government that this would put in jeopardy those services entirely. We discovered that no analysis was done. The requirement was made by bureaucrats in Canberra, completely isolated from the realities and difficulties of regional communities being able to afford this. The answer to the question I put at the last estimates—so, thankfully, someone was listening—was: 'In light of the issues raised, the department will work with the Department of Home Affairs and industry to conduct up to six case studies to assess the financial impacts of the enhanced aviation security requirements of regional airports and, where possible, the flow-on impacts to local communities. The airports from across a number of states will be selected based on varying passenger and flight departure profiles.' I would like to know where that analysis is up to.

Ms Spence: The analysis is well progressed. The six case study airports are Rockhampton, Geraldton, Wagga Wagga, Whyalla, Longreach and Kangaroo Island. At the highest level, we have been talking to both Home Affairs and the operators of those airports.

Senator PATRICK: And the airlines?

Ms Spence: Yes, there's been engagement with industry as well. I will ask Mr McRandle to provide a bit more detail.

Mr McRandle: The studies have been largely developed from the information that we have available. We have spoken to the relevant airport operators to get an understanding of their cost base. We are, as a next step, sharing that information with the Department of Home Affairs for any comment at this stage, and then we'll speak with the airlines as the next stage.
of the consultation process. We want to get an opportunity to engage with all the elements of
the aviation sector that affect those airlines and airports and Home Affairs. You mentioned at
the beginning of your question the cost of that program. It's $50.1 million. The Department of
Home affairs is administering it. That's separate from the funding for a regional airport
program, which is available from this Thursday. But I will keep that one separate for the
moment.

Senator PATRICK: That's not for security; is that correct?

Mr McRandle: It's for non-security related development of airports.

Senator PATRICK: So we still have the same problem. The capital costs for the security
equipment are covered but at this stage the operating costs are not.

Mr McRandle: You are correct: the operating cost are going to be the big driver. It's
going to be more material for those airports that don't have security screening services at the
moment. They'll be starting those services from scratch. Other airports, like Rockhampton,
which already run security screening will have an additional cost, we think, from our
estimates. We're just checking those with the airports and the airlines to get some advice on
that. They'll have a marginal cost, but those airports that haven't previously had security
screening will have a bigger cost to deal with. The element we are looking at is over what
number of passengers the costs could be spread and what sort of services are currently
operating in those airports.

Senator PATRICK: In respect of that, there's another difficulty in that Rex operates
aircraft that are fewer than 40 seats. So there is no requirement to screen Rex aircraft. Qantas
operate with more than 40 seats. So there would be a lawful requirement for them to conduct
screening. That creates a problem at a place like Whyalla, and no doubt the other places
you've mentioned, where Rex will simply say: 'We don't want to bear that cost. That will kill
our margins if you impose that upon us.' Then the flipside to that is that Qantas will say, 'We
have to bear all of the cost for the security services for our one service.' That's why both of
these airlines are reluctant and saying words like, 'It may put us out of operation in those
regional centres.' Are you factoring in the 40-seat differentiation and how that's going to be
addressed?

Mr McRandle: We are having regard for the way the Home Affairs regulations operate.
So that's around those splits about aircraft size. From the arithmetic that we are doing in this
exercise, it'll be clear what those costs will be based on the strict requirement around the
regulations as well as what you could potentially charge or what you may have to charge if
the total passenger mix was available.

Senator PATRICK: Each of those six case studies will be made public, I presume, and
subject to public scrutiny?

Ms Spence: We'll provide those to the committee once we have completed those. We
think that'll be in the coming weeks rather than any longer. So as soon as possible it will be
available for the committee.

Senator PATRICK: I recall that the funding is allocated for the procurement of the
security equipment. There was a grant round that was conducted. I presume that's been
funded. But the instrument that actually legally permits you to impose this requirement on
regional airports has not been brought to the parliament yet. So it's a really out-of-order step
because you're making the presumption the parliament will in fact approve the security requirement. I reckon I'll have a few more Nationals crossing the floor on that one—

Ms Spence: Just to be clear: that's a matter for the Home Affairs portfolio. We're just explaining to you what we're doing in response to the question.

Senator PATRICK: I accept that as a proposition. But that is very alarming for those who haven't been watching that. That will kill off regional airlines. Thank you.

CHAIR: Senator Gallacher.

Senator GALLACHER: I'm conscious of the policy decisions made at Home Affairs, but structurally what have you done in the department to manage this in the passenger space and the air freight space? Do you have a committee? Do you just have a line of responsibility? Who's in charge of implementing or developing the policy?

Ms Spence: In relation to security or—

Senator GALLACHER: Passengers. Senator Patrick has given a good segue into it. We're talking about screening of passengers. Okay, I'll go back to square one. Which airports are affected by this new policy?

Ms Spence: I was trying to clarify what your actual question was in relation to.

Senator GALLACHER: What is your department doing about implementing this policy decision of Home Affairs? Do you have a committee or a structure? Is it just allocated to a single officer or a group of officers?

Ms Spence: Obviously, it's a Home Affairs policy and they're responsible for transport security. We do have an officer within the organisation who is providing advice on the implications for the industry.

Senator GALLACHER: One single officer—is that correct?

Mr McRandle: That's correct.

Senator GALLACHER: We have a single officer dealing with the industry in terms of passenger screening and air freight screening.

Mr McRandle: In terms of this exercise around the six airports that we're examining, we have one officer dedicated to that task who is working with Home Affairs.

Senator GALLACHER: How many airports does it apply to? Which airports are affected by the new policy?

Ms Spence: Which airports are affected by the policy is a question that's probably best directed to Home Affairs.

Senator GALLACHER: So is that 30-tonne aircraft or 40-seat aircraft? You don't know?

Mr McRandle: We could provide a list of those airports, but I'd need to take that on notice because we don't administer the policy on security.

Senator PATRICK: It might assist Senator Gallacher to know that the committee has been provided with that list in a private briefing.

Senator GALLACHER: I understand. I'm going to move quickly through this, but I'm trying to get a picture. You have one officer dealing with a policy decision of Home Affairs.
Ms Spence: Sorry; I was just trying to clarify the question. We've got one officer who's been working on the case studies that Senator Patrick was asking us about. We also work closely with Home Affairs. A number of the officers within the organisation work closely with Home Affairs on an as-required basis.

Senator GALLACHER: What is the threshold at which the screening will apply? Is it number of seats on planes or number of passengers?

Ms Spence: Those are questions that best directed to the Department of Home Affairs. It's their policy.

Senator WATT: But you're implementing it.

Ms Spence: No, we're not implementing. It's a matter for Home Affairs. We're working very closely with the department because we are interested in the impact on industry, but we're not responsible for this security.

Senator GALLACHER: Are you getting any feedback from operators of regional passenger services and regional airports?

Ms Spence: Yes.

Senator GALLACHER: What do you do with that feedback?

Mr McRandle: We're using that to validate the findings in our report. We'll provide that info to the Department of Home Affairs as well for their consideration.

Senator GALLACHER: When the feedback comes, as Senator Patrick said, it's going to put us out of business. We might choose to fly there or not. We'll be less competitive. Is that the feedback you're sending to Home Affairs?

Mr McRandle: Depending on the nature of the feedback we get and the analysis we can do, as well as rounding that out with the other stakeholders, we'll provide all that information to the Department of Home Affairs for their consideration.

Senator GALLACHER: If this policy is regulated, goes through the parliament and the rest of it, who administers it? Who ensures that it's carried out.

Ms Spence: The Department of Home Affairs.

Senator GALLACHER: So it's nothing to do with your department.

Mr McRandle: We were simply asked at the last estimates to undertake an economic analysis of some airports to understand how the Home Affairs regulations might play out. That's what we've been doing over the last several months, and we're close to finalising that report. We want to make sure that the other stakeholders, including the airlines, have an opportunity to comment on the report, because there are differences of opinions about the way costs are passed through between airports and airlines. We are sharing that report also as a draft and as a final with the Department of Home Affairs.

Senator GALLACHER: So, after regulation is in force, you're not going to make sure it's carried out.

Mr McRandle: We have no powers under the act to enforce the regulation. That's the Department of Home Affairs.

Senator GALLACHER: So you are suggesting that all these regional operators who would normally talk to you about matters at airports don't talk to you but go to home affairs?
Ms Spence: On security matters, yes. These are people who we talk to on a very regular basis. But, if it's around implementation of the security—and I think this is a matter we discussed at the previous estimates hearing—we're not in a position to provide advice to government on security matters. This is what the rules are being introduced to address. We're looking at the implications for industry and we're doing that initially through the case studies we previously advised the committee we would progress.

Senator GALLACHER: So they're used to coming to you with concerns about regional airports, for argument's sake.

Ms Spence: To be honest, they're also used to dealing with the staff in the Department of Home Affairs who were previously in our department through the Office of Transport Security. They have a strong working relationship with those officers as well.

Senator GALLACHER: I understand the security part of the argument, but who deals with the economic analysis, you or Home Affairs?

Ms Spence: As we've just explained, that's what we're doing as part of the case studies that we've been referring to.

Senator GALLACHER: What is it saying?

Mr McRandle: As Mr McRandle just advised, it's not yet complete. We are close to having a report that we should be able to provide to this committee, but we've got to finalise consultation.

Senator GALLACHER: 'Close to'—how close?

Ms Spence: I think we said it is a matter of weeks when we should have it completed.

Mr McRandle: We do want to give the airlines—the regional airlines in particular—an opportunity to comment on the information that we have, giving them a fair chance to come back to us. Then we look to finalise the report and provide that to the committee—certainly by the end of the year.

Senator GALLACHER: Does your evaluation involve an analysis of the range of costs and whether that's sufficient? Who does that? Who decides whether there's enough money allocated to a project?

Ms Spence: We've been focusing on the costs associated with the implementation of the Home Affairs policy. It's a matter for Home Affairs to determine the actual requirements to meet their criteria.

Senator PATRICK: We're in a better position than we were before, Senator Gallacher, because no-one had done any analysis. They just decided to do the screening.

Senator GALLACHER: Who work out whether this will cost regional travellers 10 bucks a flight or 20 bucks a flight?

Ms Spence: That's what we're trying to work out, at least on the basis of the six case studies, to get a better idea about what the passenger impact of the requirements would be.

Mr McRandle: We have gone out to the airports to ask them for some information about the way their cost base operates for security. We do want to go out to the airlines as well to get an understanding, because typically those charges are passed through under pricing negotiations between the airport and the airline. They're typically commercial conversations
that the government is not part of. It's the level of co-operation, which we're finding has been quite positive to date, that has been helpful for us in putting together an assessment of what costs would pass through and the degree to which the airport is able to pass through those costs. Or, if those costs are larger than they could reasonably pass through to airline passengers, it would also be an option for the local council or the operator of the airport to use the local rate base to partially offset those costs as well.

CHAIR: Oh my god!

Senator GALLACHER: So there's a security decision made. Are you charged with doing this economic analysis, or has that just been forced upon you?

Senator PATRICK: I think this committee forced it upon them.

Senator GALLACHER: We'd better get this expense answer then.

Ms Spence: We obviously have an interest when airlines are talking about what they may do, which may impact on regional Australia, so obviously we're engaging in the area. But we do have to be mindful of the fact that it is Home Affairs who is responsible for transport security.

Senator WATT: You said that it sounds like the options you're thinking about are that the airports might pass on the cost to consumers, so that is increased cost to their fares, or local governments might like to recover them via their rate base. These are federal government regulations, aren't they?

Mr McRandle: That's correct.

Senator WATT: So why is it up to customers or the local government to pick up the cost of regulations that the federal government is imposing?

Senator PATRICK: The national security costs

Senator WATT: Yes.

Mr McRandle: The operation of the regulations is through the airport operator, whether that's a large capital city airport or a regional airport. It is responsible for the level of security set out by the regulations that Home Affairs puts in place.

Senator WATT: The federal regulations.

Mr McRandle: That's right. The airports operate on a commercial basis and they will be making judgements about the extent to which they're able to pass through the costs in full or in part to the airline passengers. It'll depend on the kind of aircraft; and whether, as Senator Patrick was saying, all the aircraft visiting are above a certain threshold in terms of security screening or there's a mix of aircraft. In some cases the local government may choose to screen all passengers going through, although it's not strictly a requirement of the regulations to do so. It's very much on a case-by-case basis, which is why we've used these six case studies to try to understand six different circumstances and provide some information that will allow the committee to understand how the costs might play out.

Senator STERLE: May I shine some light on this? It's getting late. Senator Patrick and I have already been through this. Correct me if I'm wrong, Mr McRandle and Ms Spence—the government came out, through Minister Dutton, and made this announcement about you-beauty security. A majority of the regional airports went: 'Oh my God; it'll shut us down. We won't be able to afford it.' Am I getting close, Senator Patrick?
Senator PATRICK: And the airlines said they won't fly there.

Senator STERLE: That's right. And then we sat down at Old Parliament House and had a talk about it. You had no idea what you were going to do, because it caught you on the hop too. We had an officer from the Border Force, who had even less idea about what was going on. Where we are now, quite clearly, is that you're waiting for the other agency to come back and try to put their brains around what damage they've done by making this ridiculous statement. Am I close?

Senator PATRICK: Yes, I think you are.

CHAIR: It sounds to me like the department is providing a report that will go back to the other agency.

Senator STERLE: This mob got a crook hand from Dutton and mob.

CHAIR: We need to wait on that report to come back. Which regional airports have you consulted with as part of preparing that report?

Ms Spence: The six airports that we're doing the case studies on are Rockhampton, Geraldton, Wagga Wagga, Whyalla, Longreach and Kangaroo Island.

Senator STERLE: We've got the Deputy Prime Minister's attention for the first time in a long time, because that's his airport. It's a shame there are no boats out there too. He might save some lives!

Senator PATRICK: I will be talking to Whyalla council, and also to Qantas and Rex, to find out exactly how much you've talked to them.

Ms Spence: Correcting my earlier advice, we've definitely been talking to Whyalla. We're about to share the information with the airlines to get their views on the information we've been provided with.

Senator PATRICK: I just want to make sure there's proper consultation and proper interaction, because it was very shallow last time around.

Senator WATT: Senator Gallacher was asking about the feedback you're getting from the operators of the regional passenger services—the airlines and the airports. They're not happy, are they? What are they telling you?

Mr McRandle: Until we've completed the report—I wouldn't want to be prejudging any of the information we've heard. But clearly any additional regulatory costs are rarely welcomed by any part of the industry.

Senator WATT: Am I right that operators have told you that the new rules are going to impact on services?

Mr McRandle: I'd have to take the detail on notice. I wasn't involved in making those calls.

Senator WATT: Is there someone here who has been involved? Can we stop pretending that everyone's happy about this? They are—to quote Senator Sterle—spewing.

Ms Spence: That's the reason why we've progressed the work that we're doing and using the case studies.

Mr Borthwick: Obviously we're aware of the concerns being expressed by industry. Having been involved in the Senate inquiry into regional airfares and having sat through the
hearings and read the submissions, we're certainly aware of the concerns being raised by both regional airports and regional airlines on the potential impact of the security arrangements on services.

Senator PATRICK: Just to be very clear about Qantas's submission to this committee, they said at the hearing that, 'The combination of the additional CT screening and the 40-seat rule will challenge the underlying operating cost and route economics of a number routes with thin commercial margins.' That's what's at stake. And Rex Airlines made a similar statement to this committee at Mount Gambier.

Senator GALLACHER: Mr Borthwick, it's clear from the submissions and the inquiry and the work you've done that two outcomes could well be increased regional fares and fewer services—or both.

Senator STERLE: Or airports that can't afford to operate, so they shut down. That's true.

Senator GALLACHER: Do you reject that proposition?

Mr Borthwick: Certainly we're aware of the views being expressed by airports and airlines. As Ms Spence mentioned, the idea behind the case studies is trying to validate some of the views that are being expressed. As the first step, we've sought the information from the airports. Once we validate that with Home Affairs, we'll use it to have an engagement with airlines to get their perspective.

Senator STERLE: So what do they all say—the ones who've got the information—'We're all Mickey Mouse. We're all okay.'? I bet none of them have. Tell us.

Mr Borthwick: If it's consistent with their previous submissions, you're correct.

CHAIR: I think we're going to have to wait for that report to come out.

Senator STERLE: No; we already know the answer.

Senator GALLACHER: Just to finish on passengers, has there been any push for an extension of the operating date from 2020 out to 2021? Has anybody put that up?

Mr Borthwick: I'm not aware of that. It may have been put forward to Home Affairs, but I'd have to check.

Senator GALLACHER: You're the policy man, aviation industry policy.

Ms Spence: As we've explained, it's a matter for Home Affairs, so if people are asking for an extension they'd be putting it to Home Affairs.

Senator GALLACHER: No-one spoke to you about pushing it out to 2021, Ms Spence?

Ms Spence: What I'm saying is that any formal request would have to go to the Department of Home Affairs rather than this portfolio.

Senator GALLACHER: When did the US bring it in in terms of freight?

Ms Spence: I understand it's a longer lead time than what we've introduced in Australia. But, again, that's a matter for the Home Affairs portfolio.

Senator GALLACHER: So you don't want to say the word 2021? That's what the United States—

Ms Spence: Sorry, I didn't recall what the—
Senator McKenzie: Senator Gallacher, Ms Spence has been clear: it's a matter for the home affairs department.

Senator GALLACHER: It's 2021 in the United States and Hong Kong for freight—is that correct?

Ms Spence: Senator, as I said, this is a matter for the Home Affairs portfolio and—

Senator GALLACHER: Okay. Can we go to air freight. How are the new rules going to be applied to there? What do freight companies and regional airports need to do to comply?

Mr McRandle: All aviation security questions should be directed to the Department of Home Affairs.

Senator GALLACHER: Does the department believe there is a capability within the industry for the cargo volumes to be screened with the current screening equipment and also meet overnight freight figures? Is it none of your business again? Is that what you're going to tell me?

Ms Spence: Sorry, I'm genuinely not trying to be difficult here, but I do not want to answer a question on behalf of another portfolio, so we'd—

Senator WATT: Senator Gallacher is talking about operational—I mean, you're the department that deals with these airports and that is consulting airports and airlines about the implementation of these rules. Your department must have a view on whether there is capacity within the industry for the cargo volumes to be screened with the current screening equipment and also meet overnight flight schedules. That's not a policy question.

Mr McRandle: The Department of Home Affairs runs its own consultation with the airports and airline industry. They have a series of forums that have been set up since about 2005, so they've been running for about 14 or 15 years. They have a very good regular set of contacts with the industry, and I'm sure the industry will speak to the Department of Home Affairs about their concerns around implementation dates.

Senator GALLACHER: Then why—and this is really a rhetorical question—does this parliament get a visitation from CEOs of very large businesses, saying this: 'To a $500 million business, one screening machine is $41 million. That screening machine will do 2,000 parcels an hour. My screening requirement is 30,000. If I were to buy those $40 million machines I require, they wouldn't physically fit in the infrastructure that I have at an airport.' And we're talking about Melbourne Airport. If everything is going so fantastically well, why does the CEO of a company with 20,000 employees in Australia come to the parliament and knock on the door of any senator that will listen and explain this? To add insult to injury, about 30 per cent of that freight is critical vaccines and medical supplies going to regional country areas where people rely on them.

Ms Spence: I'm sorry, but the implementation of the rules that you're talking about are a matter for the Home Affairs portfolio.

Senator GALLACHER: And you run the airports.

Senator DAVEY: They don't run the airports.

Ms Spence: No, we don't run the airports.

Senator GALLACHER: No. They don't run the policy decisions about putting screening into place.
Senator DAVEY: They also don't do the screening.

Senator WATT: The Department of Transport, which is responsible for a whole range of activities regarding airports, doesn't have a position on whether there is capacity within the industry for these new rules to work in relation to freight?

Ms Spence: I'm simply—

CHAIR: I think we've had the same question in various ways.

Senator WATT: I'm pretty staggered that this department is just trying to deflect everything to Home Affairs.

Senator McKenzie: It might surprise you, Senator Watt, but I doubt from what I've seen that a question and answer are going to be any different if you play it out for another seven minutes.

Senator WATT: Sorry?

Senator McKenzie: It's not going to be any different. You may be surprised by the answer, but the answer remains the same: that it is an issue for Home Affairs.

Senator WATT: So it's completely okay for Home Affairs and Minister Dutton with his latest power trip to just get around and dictate terms for what's going to happen in airports, and this department doesn't have a position?

Senator McKenzie: Obviously the way you characterise this particular process is not how I would characterise it, and, I'm sure, not how the department officials would.

Senator GALLACHER: If we go to 60,000 customers who will be on a register and a Known Consignor scheme, is that anything you have any input into? Is that going to be Home Affairs running that?

Mr McRandle: The consignment scheme is the Department of Home Affairs around the cargo. The Department of Home Affairs runs all transport security, maritime and aviation, including cargo—

Senator GALLACHER: So for the 60,000 customers in Australia who regularly consign airfreight, the consignment scheme will be run by Home Affairs?

Ms Spence: Yes.

Senator GALLACHER: Who's going to stump up the $50 million—oh, you've answered that, haven't you? Whose stumping that $50 million? Is that you or—

Ms Spence: That's Home Affairs.

Senator GALLACHER: So you've had no contact from the freight operators—is that the evidence you're giving?

Mr McRandle: No. Maybe to put things in a little more context: we have a role in the department in the aviation/airports area of assessing major development programs or projects that the airports put forward. If an airport puts forward a particular development, the government has a role in assessing that and the minister will make a determination as to whether or not to approve it. We also review and for the minister provide advice around airport master planning, which is a five-yearly process. That's for the 22 federally leased airports. We have no federal jurisdiction over the non-federal airports. The way that we get involved is really through the major development programs. Airports may choose to come
forward with new proposals around handling terminal upgrades and terminal expansions that will have regard to future security needs. But I do know, from speaking with airports, that they are also speaking with the Department of Home Affairs, including showing senior officials how and where the new security equipment—

**Senator GALLACHER:** I want to be very specific. You've had no input from the freight industry about the seemingly impossible problem of fitting so many screeners in that it's not physically possible to do the legislated task that has been given?

**Ms Spence:** In engagement with some freight operators they have raised the issue with us, but they understand that this is a matter for Home Affairs and they've—

**Senator GALLACHER:** Which freight operators have raised it with you, Ms Spence?

**Ms Spence:** Toll raised it with us quite recently.

**Senator GALLACHER:** Did you say, 'Go and see Mr Dutton'?

**Mr McRandle:** They already knew. They were talking to us about some of the issues that they thought they might face, but they understood that the Department of Home Affairs is their primary contact for the security screening.

**Senator GALLACHER:** What happens if 1 June 2020 comes along and the infrastructure is not able to do the legislated task? Does the freight stop? Is that basically what happens—you just don't put it on a plane?

**Ms Spence:** I think you're assuming that the legislation has passed.

**Senator GALLACHER:** It's there. You've said 2020. If the infrastructure is not in place to screen by 2020, does your department have a view on what happens next?

**Ms Spence:** Sorry, Senator, I don't think we're in a position to speculate on what will or won't happen.

**Senator RENNICK:** Senator Gallacher, you're making a big assumption.

**Senator GALLACHER:** I'm not making a big assumption. If the freight doesn't go in June 2020, people in regional Australia won't get their medicine; that's what could happen.

**Mr McRandle:** Senator, we're not regulating the freight industry in our portfolio. The Department of Home Affairs is responsible for the regulations and compliance on the security side. It will be up to them and their minister and the government to determine, if industry is unable to comply by that date, what the alternatives would look like.

**Senator DAVEY:** As someone who lives in regional Australia and has a choice of three different regional Australian airports to travel from, all of which are still two hours away from my home, I am very pleased that you are also concerned about aviation in regional Australia. It really does warm my heart.

**Senator GALLACHER:** We've been concerned about it for 35 years!

**Senator DAVEY:** I have listened to what the department have said, that they're doing a report. I look forward to reading that report. I trust that it will adequately identify the concerns that have been raised, and hopefully Home Affairs will then take that into consideration. What I'm interested in is our commitment of $100 million over four years. What impact will that have on the regional airports that I'm concerned about, which is all regional airports?
Mr McRandle: The $100 million program is a program announced by the government in the last budget. The guidelines were made public last week. The program will become open for applications on Thursday this week. I might ask Mr Borthwick if there are any other details that he can share at this stage.

Mr Borthwick: As Mr McRandle mentioned, the Deputy Prime Minister released the guidelines on 11 October. The funding round formally opens on 24 October and closes on 12 December 2019. The program is designed to provide assistance to the owners of regional airports to undertake access and safety works. Eligible works range from runway resurfacing to safety work, such as fencing and runway lighting. The program will be administered via the grants hub. Airport owners can apply for up to 50 per cent funding of eligible works. As part of the application process, they will be asked to submit detailed plans, costings and a business case for proposed works. Upon close of the application period, the applications will then be assessed by an assessment panel, which will comprise representatives from this department, the Royal Flying Doctor Service and the Australian Airports Association, and the assessment panel will then provide recommendations to the Deputy Prime Minister for his consideration.

Senator DAVEY: That is for all regional airports throughout Australia? There's no limitations as to whether they're local government owned or private owned?

Mr Borthwick: No, the eligibility criteria, which are available on the business.gov.au website, go through all of the eligibility criteria. Essentially, to be eligible for assistance from the Regional Airports Program, the aerodrome needs to be located in inner regional or outer regional as defined by the 2016 Australian Statistical Geography Standard - Remoteness Area. In some ways, this program complements the remote aerodrome upgrade program for which remote and very remote communities are eligible for funding to do safety work.

Senator STERLE: Do you have a list of those airports available so Senator Davey can see?

Mr Borthwick: I'll take that on notice. I don't have the full list.

Senator DAVEY: There are the really remote aerodromes and then there are the regional airports. Is this all under the $100 million or are there separate funding streams for the remote aerodromes as compared to regional airports?

Mr Borthwick: The remote and very remote are subject to a different scheme with its own dedicated funding. The $100 million is on top of the existing funding allocations through the Regional Aviation Access Program.

Senator DAVEY: The remote and very remote, I think that has just recently closed—has it?

Mr Borthwick: Round 7 opened on 1 October 2019, and that closes on 12 November 2019.

Senator DAVEY: In previous rounds, how many aerodromes has that provided funding for on average? I know that each round would be slightly different.

Mr Borthwick: In round 6, which opened in November 2018 and closed on 29 November 2018, there was $10.1 million allocated across 34 aerodrome upgrade projects.

Senator STERLE: These are not the security standards that we're talking about here, are they?
Mr Borthwick: No, these are solely safety related.

Senator STERLE: I'm just trying to scratch the surface for you, Senator Davey, because we've heard evidence—and I'm sorry to come in—of some shires saying it could be about $2 million to meet Mr Dutton's upgrading, and you're saying very clearly that there will only be a funding commitment of 50 per cent if they pass the criteria. Our job is to find out which of these regional airports, that are run by shires predominantly, who we know only open for an hour and a half a day.

Senator DAVEY: The remote and very remote funding, which is separate, wouldn't fall foul of Mr Dutton's—as you call it—policy area at all, because they're non-commercial.

Senator STERLE: I'm not talking about—

Senator DAVEY: Some of the local government ones which are commercial might be a separate thing, but this is for safety. To help Senator Sterle, what other sort of—

Senator STERLE: It's not helping me! I've been doing the inquiry; I'm well aware of what's going on.

Senator DAVEY: Okay, that's good.

Senator STERLE: You're the one who really needs to really scratch the surface and have a look. And I'm not being cheeky there—

Senator DAVEY: What I'm focusing on is what the responsibilities of this department are, and this program is the responsibility of this department.

Senator STERLE: You can get a briefing from the minister; it's a waste of time here.

Senator DAVEY: I'm not wasting time asking about what the responsibilities of the home affairs department are.

Senator STERLE: We've been doing this—

Senator GALLACHER: You can get a briefing from the minister any day you like.

CHAIR: Senator Davey, just ask the question.

Senator DAVEY: No, I'm done. I'm just trying to get on the record what the $100 million program is going to get over four years—

Senator STERLE: Terrific.

Senator VAN: I believe there is someone here from Airservices Australia?

Senator GALLACHER: Good, that was a quick one. Can I ask one more, to finish me on regional?

CHAIR: If you've got just one.

Senator GALLACHER: Yes, it's one. There is a letter from the regional aviation whatever it is of Australia—the RAAA. Are you aware of that?

Ms Spence: Yes.

Senator GALLACHER: They wrote to your minister with a whole series of concerns. Was your response to that organisation, 'Go and talk to home affairs,' or did you talk to them?

Ms Spence: We do talk regularly with the RAAA. They have raised their concerns with us on the security issues, but I'm not aware of what the response back to the RAAA was on the issues they flagged in that letter.
Senator GALLACHER: And part of that letter is 2021. It's a formal request to delay this, in this letter. Is that correct?

Ms Spence: I'm sorry, Senator, I don't have that letter in front of me.

Senator GALLACHER: You haven't read the letter? 'We urge the government to extend the deadline to align with the US and Hong Kong requirements of mandatory screening by June 21.'

CHAIR: Can you table that letter, please?

Mr McRandle: I can't say that I recall that letter specifically. As Ms Spence said, we do speak to a lot of organisations that represent peak bodies, including the RAAA. It would be not unusual for them to write to a number of ministers, including—

Senator GALLACHER: No, they wrote to the Deputy Prime Minister.

Mr McRandle: Yes, but they may choose to write to a number of ministers around issues like this. Typically, what would happen in a response like that is that the ministers would refer this to the relevant minister to make a response for them.

Senator GALLACHER: So my question is: did the minister put it back to your department for a response, or for evaluation?

Mr McRandle: That would be the normal process. We'd have to take on notice that particular piece of correspondence.

Senator GALLACHER: Yes, please—whether it was taken for response or evaluation of the credibility of the statements.

Ms Spence: Yes, we'll take that on notice.

Senator GALLACHER: Thank you.

CHAIR: Will you table that letter for us, Senator Gallacher?

Senator GALLACHER: I can if you like. It's only that they reckon they haven't seen it.

CHAIR: That's why I thought it would be a good idea to have it.

Senator GALLACHER: It's pretty surprising.

Senator RENNICK: I just have a couple of questions about the $100 million airport fund. Sorry, I apologise if some of this is a repeat of what Senator Davey asked. Is the current round of funding open now?

Mr McRandle: The current round of funding will open on Thursday this week.

Senator RENNICK: Okay, and that's available to remote and regional airports?

Mr McRandle: This is available to regional airports. Mr Borthwick set out just previously the definition of which the regional airports are that come into scope. Effectively, these are in addition to the remote airfields, which have already had a scheme operating for a number of years quite successfully. This allows for regional airports—

Senator RENNICK: Could I be specific? Does that include Miles, Roma and Charleville? Would you have that?

Mr McRandle: I would expect those airports to be in that group, certainly.

Senator RENNICK: Who do we need to contact—

CHAIR: I can give you the link.
Senator RENNICK: Thanks.

Senator WATT: I have just a couple of other things following on from Senator Gallacher. I think he asked you about the feedback you'd received from the freight sector, and you mentioned some discussions you'd had with Toll. Have you also had some views put to you from equipment manufacturers about the issues around capability of screening equipment to process that volume of air freight?

Ms Spence: I'm not aware of any representations to this portfolio.

Senator WATT: Anyone else?

Mr McRandle: None that I'm aware of. But, as I said, the home affairs department does conduct regular meetings with these organisations and they do have their own forums for aviation and cargo security.

Senator WATT: I understand there are, obviously, only a small number of operators in the air freight sector, and some of those routes are pretty marginal. Has this department done analysis about the possible impact on the air freight industry and the viability of operators going forward?

Ms Spence: No.

Senator WATT: You haven't done any?

Ms Spence: No, we haven't done anything.

Senator WATT: Again, as the department that oversees airports, you haven't done any analysis about—

Mr McRandle: We only oversee the 22 federally leased airports. They're the ones. If you're thinking of regional—

Senator GALLACHER: That's where all the freights and passengers are.

Mr McRandle: I wasn't sure if you were asking about the regional airports or capital city airports.

Senator WATT: But either way you haven't done any assessment of the impact on those airports of these new rules?

Mr McRandle: No. I would typically expect the agency or the portfolio doing the regulations to do a regulatory impact statement and that would include an analysis of what the costs of the regulations might look like.

Senator WATT: There was a little bit of discussion about $100 million of funding that's being provided around the implementation of these rules.

Ms Spence: It's $50.1 million for the screening requirements.

Senator WATT: That's what I thought. Was that funding administered through your department?

Ms Spence: No.

Mr McRandle: It's from Home Affairs. Home Affairs are responsible for implementation of the regulations and also running the program to support those airports.

Senator WATT: Okay. What role did your department have in designing that funding program?
Mr McRandle: None that I'm aware of.

Senator WATT: The only other thing on aviation we had was—and, Minister, this is probably more for you—on 11 October, Minister McCormack issued a media release headlined 'Regional Airports Program takes off'. That talked about $100 million being available over four years. But, having had a look at the applications page, it's actually only allocating $45 million for this grant round. Why is the government advertising a $100 million program that is really only offering $45 million?

Senator McKenzie: I'm just hazarding a guess that it's $100 million over four years and round 1 is at $45 million, and I'm assuming there will be more rounds over the next four years, which will take us up to $100 million.

Mr McRandle: That's correct. The program will run out in two rounds rather than just one single round of $100 million. The total program value, as per the budget in April, is $100 million, but it will be run over two separate rounds.

Senator WATT: But there was no mention of that in the media release, was there?

Senator McKenzie: I don't have a copy, unless somebody does have the media release? That's not unusual though.

Senator WATT: Tell me about it. All day we've been hearing about announcements being made, which have a lot of fine print that doesn't even make it into the press release. This looks like it's another one.

Senator McKenzie: Isn't this great news?

Senator Watt: What? That your telling people about a $100 million program that—

Senator McKenzie: We can just tell people who are interested in this program that there is going to be round 2 at some point over the next four years.

Senator WATT: It's a bit like telling people in Cairns they're going to get a road upgrade but the fine print is that it's in 2026.

CHAIR: In my experience people have appreciated having a second round, because, if they're regional, rural and very remote, they don't have access to the advertising. Certainly the people I've spoken to were delighted there was another round, because they missed out on the last one.

Senator WATT: I'll leave it at that clarification.

CHAIR: Are there any more questions for aviation? No? Terrific. We'll go and see Home Affairs! We'll rush straight round there! Could we please now move to Surface Transport Policy.

[22:20]

Senator CAROL BROWN: I have some questions about the coastal shipping review, consultation—what's it called? Is it a review or consultation?

Ms Spence: We've gone out for consultation, seeking views.

Senator CAROL BROWN: The Deputy Prime Minister wrote to people on 1 October. Can you tell us who's been written to or can you table a list.

Ms Hall: There are about 120 stakeholders that have been contacted. A number of those have been directly written to by the Deputy Prime Minister. We can table a list for you.
Senator CAROL BROWN: What does that mean ‘120 contacted’?

Ms Hall: The Deputy Prime Minister wrote to key stakeholders and the department wrote to others.

Senator CAROL BROWN: Why is that? Were there different letters sent?

Ms Hall: No, there weren't different letters sent. It was just stakeholders that we have a working relationship and then key stakeholders for the Deputy Prime Minister.

Senator CAROL BROWN: Can I get both those lists—those that the department wrote to and those that the Deputy Prime Minister wrote to—and a copy of both of those letters and any other material that accompanied them.

Ms Hall: We'll take that on notice for you.

Senator CAROL BROWN: What is the purpose of the consultation? You've given them a month, to the end of October, to respond to the letters?

Ms Hall: We've given them until 15 November.

Senator CAROL BROWN: Is that what it said in the letter?

Ms Hall: I'll ask Mr Johnson to confirm how we let everybody know.

Mr Johnson: We emailed the stakeholders and advised them of the change in the deadline.

Senator CAROL BROWN: How many contacted—I don't know whether they contacted Mr McCormack or the department—and said, 'You haven't given us enough time.'

Ms Hall: It was only a small handful, about two or three.

Senator CAROL BROWN: Did they contact the department or did they go through the minister's office?

Ms Hall: I think it was a bit of both.

Senator CAROL BROWN: It was a short period of time. I don't know whether you sent the letters by email or by surface mail. I live in Leslie Vale, and it takes quite a while for mail to get to me. It's 15 November now. What's the purpose of the consultations?

Mr Johnson: A number of the stakeholders had raised with us that they wanted to see further consideration or options around making some changes to coastal trading, so the purpose of the consultation is to have a discussion with the stakeholders around what some of those changes might be and to see whether we can identify some areas where there is some agreement amongst the stakeholders to make some changes to the legislation.

Senator CAROL BROWN: I think you said, Ms Hall, that there are 120.

Ms Hall: Approximately.

Senator CAROL BROWN: How many stakeholders raised that they wanted to have some discussions, broadly, within the sector to make the DPM decide to go out to a consultation?
Mr Johnson: I don't have a specific number, but most of the peak or industry organisations across both the coastal trading freight industry and the cruise passenger vessel industry have raised this with us. We also have regular contact with a number of the licence holders, and quite a lot of those have raised some issues and concerns with us.

Senator CAROL BROWN: How do you consult generally with your stakeholders?

Mr Johnson: We have a variety of means by which we consult with our stakeholders, depending on the issue and what we are talking about.

Senator CAROL BROWN: You just told me most of them indicated they would like to have a broader discussion in a formal consultation process. So how did that come about?

Mr Johnson: So a number of those stakeholders raised those issues with us.

Senator CAROL BROWN: You just told me 'quite a lot', didn't you?

Mr Johnson: Yes.

Senator CAROL BROWN: So do you have a set process where you do have consultations? There is no formal consultation normally?

Mr Johnson: Not in that sense. We talk to stakeholders across quite a range of issues. The work of my area in the department covers a range of issues. Some of them have raised issues in other set consultations from that.

Senator CAROL BROWN: All right. On the basis of that, did the department put forward a recommendation to Mr McCormack about implementing this consultation on coastal shipping?

Mr Johnson: Yes, we did provide advice on consulting.

Senator CAROL BROWN: You put a recommendation through. And did the department rule out any issues?

Mr Johnson: Sorry?

Senator CAROL BROWN: Did the department rule out any issues in terms of what would be consulted on?

Mr Johnson: We provided advice on the sorts of issues that we thought there should be some consultation on.

Senator CAROL BROWN: I'm not asking that question. I'm saying: did you rule out any issues?

Mr Johnson: We didn't rule out per se but we gave some advice on a number of issues. Given it has been a difficult issue and there are a number of very divergent stakeholder issues, we provided advice on issues where we thought it would be difficult to reach an agreement.

Senator CAROL BROWN: Essentially, Mr McCormack ruled out opening the coast, a strategic fleet or high-cost subsidies. Were they part of the consultation? Were they part of the issues that you included in your recommendation or were they excluded?

Mr Johnson: Yes, they were issues that we provided advice on.

Senator CAROL BROWN: Were they included in your recommendation for consultation?

Mr Johnson: They're in the advice that we provided on—
Senator CAROL BROWN: So Mr McCormack excluded them?

Mr Johnson: Ultimately, it's the government's decision to—

Senator CAROL BROWN: It is a simple question. Did Mr McCormack exclude those three issues?

Ms Spence: Senator, the final issues that were identified were a matter for government, so what advice we provided isn't really the issue; it is what government decided they would progress with.

Senator CAROL BROWN: Okay. I think I can safely say they were excluded from Mr McCormack's office. So turning now—

Senator McKenzie: Sorry, Senator Brown, can I clarify what you just said about the DPM's office? I didn't hear.

Senator CAROL BROWN: I said, 'I can safely assume that they were excluded from Mr McCormack's office'.

Senator McKenzie: I think it is useful to remind everyone that this legislation has been sitting on the books in the previous parliament for two years, consulted on by all and sundry multiple times, I am assuming. So that might actually play into why we're here now.

Senator CAROL BROWN: It has been rejected twice. Is that what you're telling me?

Senator McKenzie: I wouldn't like to—

Senator CAROL BROWN: Well, it has been rejected twice.

Senator McKenzie: I wouldn't like stakeholders to feel that they had been excluded from anyone's office.

Senator DAVEY: Sorry, can I just clarify that we're talking about consultation on the Coastal Trading (Revitalising Australian Shipping) Amendment Bill?

Senator CAROL BROWN: No. The Deputy Prime Minister has now got a consultation on coastal shipping that is outside of that.

Senator DAVEY: Okay. Thanks.

Senator CAROL BROWN: But the minister just explained that various reforms have been rejected twice. I just want to go quickly now to some things that, given that there are questions by other senators here, I will put on notice. I want to ask about the project communication, the consultation plan, what's going to happen after 15 November and that sort of stuff. So I will put that on notice, because I know my colleagues here have questions as well, and we've only got half an hour.

CHAIR: Thank you, Senator Brown. That's lovely.

Senator CAROL BROWN: Unless we extend it. No, that's not going to happen!

Senator McKenzie: There don't seem to be many takers there, Senator Brown!

Senator CAROL BROWN: I will put them on notice.

Senator GALLACHER: Do we have someone who can talk about the inquiry into the National Road Safety Strategy implementation? Okay. On 18 February, Mr Foulds, the executive director of Surface Transport Policy Division, gave a commitment to this
committee in relation to the implementation of the 12 recommendations, and I will use his words:

... the aim is to have both the implementation plan and the governance review at the Council of Australian Governments Transport and Infrastructure Council at its first meeting this year.

He said that on 18 February. Was the governance review presented to the Transport and Infrastructure Council?

Ms Hall: Yes, it was.

Senator GALLACHER: Was the implementation plan presented?

Ms Hall: It was, as a draft. We've been working with the states and territories on that, so a draft implementation plan was considered by the council.

Senator GALLACHER: So it wasn't presented?

Ms Hall: A draft implementation plan that had been worked up in agreement with the states and territories was presented to the council for consideration.

Senator GALLACHER: So a governance review was presented and there was a draft implementation plan. Is it possible to get a look at the governance review and the draft implementation plan?

Ms Hall: The governance review is a public document and is available on the website. We're happy to send a link to the committee.

Senator GALLACHER: I'm aware of that, but what about the implementation plan?

Ms Hall: It was a draft, so it's still being worked through with the states and territories.

Senator GALLACHER: This is road safety. What's the secret?

Ms Hall: Sorry, Senator. We're working very closely with the states and territories, taking into account the issues that were raised by Jeremy Woolley and John Crozier.

Senator GALLACHER: That's not what the governance review said. It said you weren't taking strong national leadership. Are you trying to say you are now?

Ms Hall: The point of setting up the Office of Road Safety within the department was as a key response to that finding. You've asked me specifically about the implementation review. I don't have a final document that I can release.

Senator GALLACHER: Okay. The key finding of the governance review was that there'd been an absence of federal leadership in road safety.

Ms Hall: That was a key finding, yes.

Senator GALLACHER: And you've got a draft implementation plan which is not publicly available to anyone outside of who? The industry council, was it?

Ms Hall: Sorry, Senator. We have been doing a lot of work with the states and territories on road safety. Many of the issues that were identified in the implementation plan actions are going forward either through decisions that were taken at the council meeting in August or in work that we're doing with the states and territories through starting to work on the new strategy that the council has committed to considering.

Senator GALLACHER: All right. I'm going to move onto a question.

Senator DAVEY: Can I just ask a question directly relevant to that review?
Senator GALLACHER: Can I stop you? Probably not.

Senator DAVEY: Rather than chopping and changing and going from topic to topic. While we're on topic, one of the recommendations from the review was to establish the Office of Road Safety. I understand the implementation plan is still a dark horse, but some things have happened. The Office of Road Safety has been established. That was a recommendation.

Ms Hall: Yes.

Senator DAVEY: How many other recommendations of that inquiry are underway or already complete, even though we haven't seen the implementation plan?

Ms Hall: Actions on all recommendations are underway. A number of them have been completed already. Recommendation 1 has been completed. That was:
Create strong national leadership by appointing a Cabinet minister with specific multi-agency responsibility ...
Recommendation 2, 'establish a national road safety entity', which is obviously the Office of Road Safety, has been completed. Recommendation 6 has been completed. That was:
Undertake a National Road Safety Governance Review …
All the others are currently underway.

Senator DAVEY: So it is fair to say that, despite the fact that we're still negotiating the final implementation plan with the states and territories, work is underway and at a federal level—what we can do—we are getting on with the job?

Ms Hall: That's correct. I should also mention that recommendation 11, 'Resource key road safety enablers and road safety innovation initiatives,' was also completed. That was announced in the budget this year.

Senator GALLACHER: Does the defence rest?

Senator DAVEY: I do. All yours.

Senator GALLACHER: At the estimates hearing of 18 February, the deputy secretary, Pip Spence, and the Acting General Manager of the Road Safety Task Force, Ms Sue Tucker, both assured the committee that inquiry chairs Professor Woolley and Dr Crozier were among the experts consulted by the task force in order to address the inquiry's 12 recommendations. Ms Tucker, it was very clear, said:
We have met with them a couple of times to talk through the inquiry and to understand the intent of their recommendations.
Ms Spence, you were also clear. You said:
… we're engaging with Dr Crozier and Mr Woolley, who we have a great deal of respect for, to make sure the direction that we're going in accords with their views expressed in the inquiry report.
That was the inquiry into the National Road Safety Strategy. Between the report being handed down in September last year and the assurances of Ms Tucker and Ms Spence, on what dates did the department meet with Dr Crozier and Professor Woolley?

Ms Spence: I'd have to take on notice the specific dates that we met with them, but I've spoken to—

Senator GALLACHER: You did meet with them, though?

Ms Spence: I met on multiple occasions with both Jeremy Woolley and John Crozier.
Senator GALLACHER: After this particular report?

Ms Spence: I have met with them to discuss their report. I'd have to take it on notice. It would have been Sue and the team who had specific conversations in the lead-up to the Transport and Infrastructure Council meeting in August.

Senator GALLACHER: We're very clear here. We want to know on what dates the department met with Dr Crozier and Professor Woolley, whether it was in person or by phone, and who the departmental representatives who attended those meetings were.

Ms Spence: Thanks, Senator. We'll take that on notice.

Senator GALLACHER: You don't want to withdraw the earlier comments about meeting with them? We've been told you didn't meet with them.

Ms Spence: I've met with both of them on numerous occasions.

Senator GALLACHER: Subsequent to the presentation of that report? Is that your evidence?

Ms Spence: That I've met with both Jeremy Woolley and John Crozier—

Senator GALLACHER: After they'd concluded the report.

Ms Spence: subsequent to them providing the report? Yes.

Senator GALLACHER: Okay. But you just can't remember when?

Ms Spence: I just can't give you the specific dates, no. I'm sorry.

Senator GALLACHER: Was it once, twice?

Ms Spence: I can think of at least two occasions on which I've met with Jeremy, and the same with Dr Crozier.

Senator GALLACHER: Together?

Ms Spence: Not together, no.

Senator STERLE: Sorry, Ms Spence, but I'm gobsmacked, because I saw a video with Dr Crozier and I've spoken with Dr Crozier and Professor Woolley. I spoke with Professor Woolley at the College of Road Safety national conference in Adelaide a couple of weeks ago, and he said very clearly to us that there had been no consultation at all over the report. So have your meetings been about something else?

Ms Spence: I'm surprised to hear that.

Senator STERLE: Not as surprised as I am.

Ms Spence: My view is that we have discussed with them what we're doing in response to the inquiry. I was at the same conference. I was on the same panel as Jeremy when he talked about the engagement that we've had with them on what's going forward to the Transport and Infrastructure Council. As I said, we'll have to take on notice the specific details.

Senator STERLE: Have the conversations been on the recommendations of the report as well? Have they been involved? Of course, there were also Lauchlan McIntosh and Rob McInerney. I should acknowledge their fine work as well. Have there been discussions around the recommendations or bringing them into the tent to talk about how they can be achieved. I thought Ms Hall said all the recommendations were underway? Did you say that?

Ms Hall: All the recommendations have been—
**Senator STERLE:** So the $3 billion spend as well, that's underway?

**Ms Hall:** The $3 billion in regard to the infrastructure investment: the government is already spending over $3 billion—

**Senator STERLE:** Sorry, I've digressed. I want to come back to Ms Spence, because I'm shocked, but I'm keen to hear about the $3 billion spend you've committed to.

**Ms Hall:** We can table some information for you in regard to what is expended currently on infrastructure—

**Senator STERLE:** We can come back to these recommendations. I'm just very keen because that's clearly what has been told to me.

**Senator GALLACHER:** Ms Spence, you've taken the exact dates on notice. Is there no-one in the room or in the adjoining room who would be able to shed some light on this question?

**Ms Spence:** No. I'm sorry, Senator. We have taken it on notice. As I said, I have met with both John and Jeremy. We have discussed the way we're taking the inquiry forward into the Transport and Infrastructure Council, and I'll get back to you with specific information on meetings that the department has held with both of them subsequent to them providing the inquiry report.

**Senator GALLACHER:** Are you aware of the video that Senator Sterle has commented on?

**Ms Spence:** Yes. I have seen that video.

**Senator GALLACHER:** What was the department's reaction to that video, which is basically a public plea from the co-chairs?

**Ms Spence:** Subsequent to when that video was released, there has been the discussion at the Transport and Infrastructure Council, and the impression that I've been left with is that, while the authors feel that we probably haven't gone as far as they would like, they have indicated to me that they at least saw that there were some positive steps that the federal government was taking. While I think their recommendations stand as they are, they did feel like the Commonwealth was at least engaging in a space where perhaps we hadn't previously.

**Senator GALLACHER:** I've met Mr Crozier subsequently, and I'm not sure that he would share your assertion that the Commonwealth is going along in a very positive manner.

**Ms Spence:** Sorry, Senator. I—

**Senator GALLACHER:** Anyway, you've taken that on notice. You're going to come back with some dates, and we're going to get that all sorted out.

Have we got a structure for the Office of Road Safety? Do we know what's happening there? I've had some industry feedback. Have you got a CEO yet?

**Ms Spence:** No. We're close to finalising that appointment.

**Senator GALLACHER:** You haven't got a CEO. You have a structure, though? There are so many SES.

**Ms Spence:** There's a branch that's now been established within the Surface Transport Policy Division, so it's clearly identified in our organisation chart. We have a recruitment process underway and very close to completion for the head of the Office of Road Safety.
Senator GALLACHER: Have you had industry feedback that the structure is probably not likely to work all that well, given that the CEO is four levels down from a decision-maker? Has anybody told you that? The national Office of Road Safety would need to interact, I presume, with people all around the country, and, if his level is below the people he's interacting with, the interactions may not be all that successful. Has anybody told you that?

Ms Spence: No-one has said that specifically to me. They may have raised it with other members of the department. But again—

Senator GALLACHER: Perhaps on notice you could give us some feedback about industry assessment of the structure of the office. I've had criticism put to me that (a) no suitably qualified person in the private sector would apply for it, because it lacks a clear decision-making role, and (b) they think it's doomed to fail because it's too far down the ladder of decision-making in the department. That's pretty straightforward feedback. I'm sure you would have had the same.

Ms Spence: Genuinely, no-one has put it to me in those terms.

Senator GALLACHER: Would Mr Kennedy have had the—

CHAIR: Just let her finish, please.

Senator GALLACHER: She did.

CHAIR: No. She hadn't finished her answer. Please let her finish her answer.

Senator GALLACHER: Well, I understood her answer perfectly.

CHAIR: Okay. Well, I was waiting for her to finish it.

Senator GALLACHER: We're running out of time here. What about Mr Kennedy? Did he have that feedback before he departed for greener pastures?

Ms Spence: I'm not aware of anyone raising that with Dr Kennedy.

Senator GALLACHER: Is it possible to take that on notice?

Ms Spence: We can see what correspondence Dr Kennedy received prior to leaving the organisation.

Senator GALLACHER: Do you have the AusTender costs for the governance review?

Ms Hall: No. We can take that on notice.

Senator GALLACHER: Does $430,000 sound about right?

Ms Hall: I'd have to take that on notice.

Senator GALLACHER: You don't know what the governance review cost?

Ms Hall: I'm sorry, Senator. The governance review was undertaken before I started in this role. I'll just have to go back and double-check.

Senator GALLACHER: Were there payments of $30,000 made to the two expert witnesses?

Senator STERLE: It's here on AusTender. If you want to click it on, I can give you a number. We've got a couple of minutes. We should have a talk about it.

Ms Spence: If it's on AusTender we accept that that's the cost of it. We just don't have it in front of us.
Senator STERLE: Going to Senator Gallacher's questioning there, there's a payment here for three months work from 26 February 2019 to 31 May to Ernst & Young. Are you aware of that payment?

Ms Spence: Yes.

Senator STERLE: I know how much it is here. Do you know how much it was? Can you remember?

Ms Spence: No, I can't sorry.

Senator STERLE: It was $540,422.10 Senator Gallacher, if you don't mind, what I'm going to lead to is: can you tell us how much Dr Crozier and Professor Woolley were paid for their fine work—that you can't wait to pick up all the recommendations? How much were they paid? Please don't tell me you don't have it there. Really clearly you need to come to Senate estimates—you're not silly people. We've seen it over the years. We might not have liked your answers but you had them. But now please don't tell me there's no-one here that can tell us. You've got that information there somewhere.

Ms Spence: I'm sorry. I'm hoping if there's anyone in the backroom who has that information they'll come forward. Given the report was provided some time ago, I have not got it in my notes in front of me.

Senator STERLE: Someone in the background: hello! You're listening out there—or have they all gone home?

Ms Spence: Senator—

Senator STERLE: Seriously, you wonder why we get so frustrated—

Senator McKenzie: They shouldn't have gone home if they're in this area.

Senator STERLE: We get so frustrated. We are asking very simple questions that we are allowed to ask about government expenditure, ladies and gentlemen. We're not asking you for matters of opinion or hypotheticals. These are taxpayers' dollars that you are in control of. So you now remember the $540,422.10 payment to Ernst & Young. While we're waiting for someone to come in here very quickly—well, Senator Gallacher, I interrupted you—I'm very keen to know about two other payments that were made as well.

Senator GALLACHER: If we can get this in perspective. You have Professor Woolley, a renowned expert in road safety. You have John Crozier, I think the president of the Australasian College of Surgeons—

Senator STERLE: Yes, on Australian Story a few weeks ago—

Senator GALLACHER: An absolutely outstanding individual in the community. And you have Lauchlan McIntosh. They're all charged by the minister to do a job and they've done it on a shoestring—when I hear the figures quoted about the governance review. My understanding is they did it for travel and a modest reimbursement.

Ms Spence: That's my recollection as well.

Senator GALLACHER: The result of their work is that we spend $540,000 on a governance review—

Senator STERLE: We spent more. That's one.
Senator GALLACHER: That's Ernst & Young. So it could be in the order of $700,000 or $800,000—

Senator STERLE: We want to find out—

Senator GALLACHER: if someone has the figures. But we know it's $540,000. I don't think you spent 20 per cent of that on the three eminent experts.

Senator STERLE: Let's find out. Someone has got to be here to give us the answer. Someone knows and they're in this building.

Senator GALLACHER: So what the industry is looking and saying to interested parties in road safety is: they're at it again. They're going to do this huge bloody inquiry, expending huge amounts of taxpayers' dollars, to discover what they already know. There hasn't been a great deal of leadership in the federal sphere for a decade. I'm not excluding us. In terms of road safety I'm completely agnostic. I don't care who's in power. We should be doing much better. We have these genuine, committed individuals who have made their life passion road safety. They do a job. And your answer is to go and spend $500,000-plus with Ernst & Young and others re-examining the entrails of what we already know.

Ms Spence: Sorry, Senator. It was responding to one of their recommendations to undertake the governance review. We were responding to one their recommendations in doing that piece of work.

Senator GALLACHER: Okay.

Senator STERLE: Still on AusTender—and the contract notice for you is CN3584933. There's another one here, peer review for road safety governance and the reason for the consultants is, 'Need for independent research or assessment.' So someone's going to be, I assume, checking if Dr Crozier and Professor Woolley weren't bulldusting to us or something like that. Is that right?

Ms Spence: No. There was a concern articulated to us by some of the states and territories, and some of the other stakeholders, that the Australian government doing the governance review would mean that it wasn't a transparent process, and they were concerned it would be a whitewash, for want of other words. As a result, we also contracted to independent experts to undertake a peer review—

Senator STERLE: Yes, I've got them here.

Ms Spence: of the governance review, and their report was published as part of the governance review.

Senator STERLE: It all ticked off, tickety-boo, that Professor Wooley and—
Ms Spence: It wasn't around Professor Woolley or Dr Crozier's work. It was around the governance review that was subsequently commissioned and prepared by EY.

Senator STERLE: So for 12 March 2019 to 28 June, three months, there was a contract valued in Australian dollars of $30,000. I looked down and thought, 'Who's this going to?' It says, 'Jeanne Breen Consulting', Rose Cottage, Buckden, Skipton, in England. What's that all about? Can you help me out?

Ms Spence: Yes. I don't have her CV in front of me, but she is considered to be an international road safety expert who is well respected across the industry. Hence, she was identified as an appropriate person to undertake a peer review.

Senator STERLE: Okay, no worries. And we've got another one. Safe System Solutions Pty Ltd. It's probably the same time and amount: 12 March to 28 June; $24,200. Who's that and what's that about?

Ms Spence: Again, that was the second peer review.

Senator STERLE: Yes, I'm aware of that.

Ms Spence: Dave Shelton, who—

Senator STERLE: Sorry, you did say that. I missed that out.

Ms Spence: He's Australian based and has strong experience in the area. He was a respected independent reviewer.

Senator STERLE: Sure. For the time remaining, they both came back and said, 'We're happy that the government's taking this review seriously and not going to whitewash it.' What did it involve them doing?

Ms Spence: It involved them doing an initial review of the draft governance review, and then providing advice that was—

Senator STERLE: The draft governance review?

Ms Spence: The draft governance review that EY and the department prepared.

Senator STERLE: So this mob were checking up on EY, were they?

Ms Spence: On EY and the department.

Senator STERLE: Obviously, it's just desktop, because they're not going to be coming out from England—or do they come out from England?

Ms Spence: No. We sent them the draft report, and they provided comments on whether they felt it was addressing the terms of reference and adequately addressing the issues that had been raised, including through the inquiry report. The report was updated and sent to them for final review. Their comments on the governance review were included in the report that is now publicly available.

Senator GALLACHER: Is that normal, to get a draft report and then peer review it?

Ms Spence: As I said, there was some concern that it wouldn't be, probably, reflecting the concerns about the way the Australian government has—our role in road safety. There was a strong view from the states and territories and some of the other key stakeholders. No, it's not normal process, but we felt it was appropriate in the circumstances.
Senator GALLACHER: Have you ever done that before? You've taken a draft report and then—what were you looking for? It's a report. Did you ask for a draft report and then you were going to revise it or something?

Ms Spence: We asked for a draft report. We wanted to make sure there was credibility in what was provided. We didn't think that it was really sufficient for this—

Senator GALLACHER: What are you paying the money for if you're not going to get credibility? If you pay someone $400,000 I'm sure they're going to give you a credible report, are they not?

Ms Spence: We were confident that we'd get a good report from EY, but we weren't the only audience for this. So we wanted to give everyone as much comfort as they could, that the Australian government was taking the recommendations of Professor Woolley and Dr Crozier seriously.

Senator GALLACHER: And it is unusual to do this?

Ms Spence: I haven't been involved in a process where we've had an independent peer review of a draft report prepared by them.

Senator GALLACHER: I've got very little time, and I've got six questions, and if you don't know—

Senator STERLE: I want to know how much Jeremy and John were paid.

Senator GALLACHER: We're going to do that.

Ms Spence: We're still—

Senator GALLACHER: I think they're going to come and interrupt us when they get that. Who received the draft report, on what date? Is that an on-notice question?

Ms Spence: That's on notice.

Senator GALLACHER: Was the department able to respond to the draft findings or draft content? Were you responding to that or was it just the peer reviewers?

Ms Spence: I don't understand your question, I'm sorry.

Senator GALLACHER: Was the department able to respond to the draft findings or the draft content?

Ms Spence: We were able to work with EY to respond to the comments that we received from the peer review.

Senator GALLACHER: So you could change the report?

Ms Spence: Yes—

Senator GALLACHER: Despite paying the money, you could actually say, 'We don't think that draft finding is good'—

Ms Spence: We could ask EY and the work that we were doing within the department to expand upon the issues that had been raised in response to what the peer reviewer said.

Senator GALLACHER: Can you tell us on notice what the draft findings were that the department needed to respond to?

Ms Spence: I'd have to take that on notice.
Senator GALLACHER: Who signed off on the department's feedback? Was that you, Ms Spence?

Ms Spence: Again, I'm not quite sure what you mean by the department's feedback. There was the independent peer review feedback that was provided to us, and working with EY to update the governance review before it was finalised.

Senator GALLACHER: Okay. So you purchased feedback, by way of two tenders, and you had an opportunity to talk about the draft findings. I'm asking very clearly: who signed off on that feedback?

Ms Spence: I think that probably would have been done by either the executive director or the head of the—

Senator GALLACHER: Perhaps you'd better take it on notice.

Ms Spence: I will take it on notice.

Senator GALLACHER: We don't want you to mislead the committee if you can't tell us who signed off on it. Can this committee get a copy of the department's response to the draft findings or draft content? Do you have a formal document?

Ms Spence: Senator, I'm struggling to align the process that we went through and your questions. We worked with EY to prepare the draft governance review. That was then submitted to the independent peer reviews, who provide us with feedback, which we then incorporated into the final review. This was then provided back to the peer reviewers for their feedback. I'm not trying to be cute here, but I'm genuinely not sure what you mean by—

Senator GALLACHER: You've said yourself that it's unusual for this form of activity to take place. You've paid for a review. It's come in a draft form. You have the opportunity to influence the draft form, and you also are peer reviewing it. Now, all I'm saying is: we want to know the toing and froing there. Surely that was a process that was in writing.

Ms Spence: I'll take it on notice and get back to you what interactions there were.

Senator GALLACHER: Did the department advise the minister or the minister's office of the draft findings or content? How wide did this go? When you got your report, did it go to the minister's office?

Ms Hall: Senator, I'm not sure the draft report went to the minister's office. I wouldn't have thought so. But I would imagine, because the draft report actually went through the tick—

Senator GALLACHER: Well, I ask you on notice: did it go through the minister's office?

Ms Hall: Because it went through the tick process—

Ms Spence: The final review went to the minister. The draft review went to the peer reviewers, to state and territory officials, to make sure the final governance review was considered to be a report that accurately reflected the current state in Australia.

Ms Hall: And responded to the recommendations of the inquiry.

Senator GALLACHER: Did the department advise the minister or the minister's office of the draft findings or content? That's the first question. If so, who did the advising? That is the
second question. The third question is: on what date? And, finally, what response came from
the minister's office, and can the committee be furnished with that response?

Ms Spence: I will take it on notice.

Senator GALLACHER: They are very clear questions in a highly unusual set of
circumstances. We do have many more questions, Senator McDonald—

Senator STERLE: We'll have to spill over just on this.

Senator GALLACHER: but the hour has come, I think.

CHAIR: I'm sure they're all excellent questions.

Senator GALLACHER: They are!

CHAIR: Thank you for your contribution—

Senator STERLE: No, the cost to—

CHAIR: I'm sorry! You've just taken that on notice, haven't you?

Senator STERLE: No, the cost to—

Ms Spence: No; I said if we could find it, we would find it, but I haven't got it in front of
me. I'm really sorry, Senator.

Senator STERLE: This is just highly unprofessional. If I was talking about Seaford
drinks the minister was having with mates and big business, I'd understand your protecting
them. For something as simple and as important as this is absolutely disgraceful. Honestly,
under Mike Mrdak the department would have had the answer.

CHAIR: That concludes today's proceedings. The committee is due to recommence its
examination of the supplementary budget estimates on Tuesday 22 October. I thank Minister
McKenzie, officers of the Department of Infrastructure, Transport, Cities and Regional
Development and all witnesses who have given evidence to the committee today. Thank you
also to Hansard, broadcasting and the secretariat.

Committee adjourned at 23:00