

THE HOUSE OF ASSEMBLY SELECT COMMITTEE ON WATER AND SEWERAGE MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON TUESDAY 15 MARCH 2011.

Minister BRYAN GREEN, MINISTER FOR PRIMARY INDUSTRIES AND WATER WAS CALLED AND EXAMINED.

CHAIR (Mr Gutwein) - Minister, thanks very much for coming and appearing before us. We've obviously received your submission. If you would like to make some comments on that, there are certainly some questions that we have in relation to it. It's over to you to make some opening comments.

Mr GREEN - Thanks Mr Chairman. I think most of my comments on water and sewerage reforms would be fairly generic in that I think, particularly in light of recent reports, that there has been and is a requirement for reform in this area. That reform is crucial on the basis that there had been, over a long period, a chronic under-funding of the infrastructure in Tasmania, in some areas more than others. In overall terms there was an under-funding of infrastructure and the most recent report by the regulator indicated it has been under-funded for decades so a transition back to something that resembles normal would also take a long time. Suffice to say that it's an important reform that has become very political.

From my point of view this committee has the opportunity to drill down into just how technical this whole process is, particularly around pricing, for example, with the variation between the 29 councils. Because of this it has been very difficult to move this whole debate forward. With the second reading speech together with the submission that we have made, I think it is pretty clear where the Government has been coming from. But having said that, in the end we endorsed the establishment of this committee because we thought it was a useful tool to allow the Parliament to understand just how technical this is and why, in our view, the reform was worthwhile.

I was thinking about it earlier today and you obviously have extended time for the committee; I guess that comes about as a result of just how much information and how technical this is and, of course, I know that you have had evidence from others as to where they see the businesses going, so in general terms the reform is necessary. We want to think about how we implement the change to minimise the cost and shock to the consumers and at the same time we want to try to prepare the State for reasonable development in the future on the back of First World water and sewerage infrastructure.

The tour we went on with Southern Water was really interesting in that the barriers that were broken down by this transition resulted in two council boundaries effectively being merged. The Tarooma Sewerage Plant was no longer required in that equation so we have those sorts of efficiencies and economies of scale and opportunity. Even the way that they reticulate water these days compared to the way they reticulated before, their back-up systems, etcetera, are all much smoother as a result of not having those boundaries and it has allowed people to think regionally about infrastructure development, which I think sets Tasmania on a much better path than we have been on previously.

I know councils want more control of the entities as they exist, and the Premier has been open to thinking about how we might be able to allow that to happen to a degree, but I just don't think we need to fall back into the past where effectively - there is no other way of saying it - there was an under-funding of that critical infrastructure. It is one of those situations where, after the due diligence process is done, you find out what you actually have actually and it was probably a bit worse than most people expected.

CHAIR - Obviously pricing is a major issue and we'd like to get a sense from you where you are at as minister or what your views are as minister. However, can we talk first about governance and some of those issues, and ownership by the councils? I would like to put to you some of the views of the Chairman in his three appearances before the committee so far. One of the key concerns that we've been hearing from councils, and through their submissions, was that whilst they were owners of the corporations they felt that they haven't really been owners. They have felt dislocated. On three occasions now the Chairman has made the following suggestion: that the common board arrangement and the arrangement in regard to the common directors be done away with; that the three regional corporations have their own independent boards; and that a structure be established whereby the councils have three owners' representatives for each of the three regions. In Launceston, for example, there are two non-council owner representatives and one council member who sits on that panel so each council is represented in some way. You are almost moving back, on a regional basis, to the regional models that were around before. What is your view on that?

Mr GREEN - It is the same as the Premier's, effectively, that we would be open to looking at that as an option if it were put forward in the future. I guess that is why your committee is so important from that point of view.

CHAIR - You would be prepared to look at that? Do you have a view on it yourself?

Mr GREEN - We are prepared to look at the best structure that gives the councils a say. As I just concluded by saying, I don't think we want to get into a position where we take away that regional aspect. We want to make sure that that exists in the future. We want that to be strong in terms of the models to provide for the necessary investment and economies of scale. But from my point of view - I'm just trying to think of the name of the overarching - what do we call it when we are overarching the water authorities?

CHAIR - Onstream?

Mr GREEN - No, no, the group of people, the selected people from each of the councils?

Mr BEST - The stakeholder representatives, weren't they?

Mr GREEN - Yes, the stakeholder groups, it was another word for that group. The joint authority but there was a stakeholders group.

Mr BEST - That is what they were because there is one from each.

Mr GREEN - Yes. I am amenable to making sure people are satisfied that they have the necessary representation but I am cautious to make sure we do not allow for any erosion of the ability to take the State forward.

Mr BEST - We have had some interesting contributions. We had an interesting contribution from a property development group and in particular Mr Rockefeller, who put forward the argument that local government, under the Corporations Act at least, but even in their own capacity have had a number of years to address this issue of water and sewerage infrastructure, to look at how they could work together in any sort of combination of innovative ways to bring things up to scratch.

I am just summarising what he said. He felt that that opportunity had gone, been let go, particularly in the southern region where you have one council with a sewerage pump one side of the road and another council with a sewerage pump on the other side - that sort of thing and how they could have combined -

Mr GREEN - So he agreed with the restructure?

Mr BEST - Well, yes, but what I am trying to say is: he is putting the view forward that councils do not deserve a dividend and that with the cross-subsidisation, that would be something like a 10-year proposal.

Mr GREEN - I think given the regulator is suggesting now in his report that what has taken decades to get to this point will take a relatively long period to fix and I guess dividends and the costs associated with that transition all need to be put into context. I was trying to say earlier that obviously we want to minimise costs but, at the same time, we want to provide the opportunity to ensure that councils take the sort of ownership that they should. At the same time we recognise it as difficult under the scenario that has been presented as a result of the due diligence. It might be that the full cost recovery and all of those issues need to be carefully thought through and I am sure as a committee you are doing that.

Mr BEST - If I could just go a bit further: Mr Rockefeller then took the equation one step further, where he suggested that in some ways local governments had really jettisoned the chance to involve themselves in the whole thing - such as in terms of representation. He felt that councils should not call the shots in regard to infrastructure upgrades and how that should be done. Then we have had counter advice, particularly from Hobart City Council, and the mayor, Rob Valentine, who saw it in the absolutely opposite way.

Mr GREEN - Yes, well, the Hobart City Council believed that they had invested heavily in their own infrastructure and they feel it has been dissipated amongst the others. I guess if you think about it in context, that is what has brought this on as a whole in the first place.

The example that was used on many occasions was the Sorell Council where you have a decentralised municipality with shack nodes et cetera, there was no infrastructure in place and there was absolutely no capacity for that council to accommodate the sort of infrastructure to bring them to a First World standard. We have tried to contextualise that this was a Tasmanian decision as opposed to a decision for each individual council. It is true that some councils were better prepared than others. Where I live in Burnie they thought it was a very bad idea, but from my point of view I think it is one of those

decisions you make as a government from time to time, with support of the opposition. We recognise there is a problem here and we have to start to address it.

Mr HIDDING - However, Minister, I put to you that in some kind of political plan your Government, in order to get this through, appeared to agree to anything and almost everything that was put before it in terms of a problem and how to fix it. That's coming up through this inquiry where, for instance, we have received evidence on how the Clarence City Council gets a dividend of - if they are lucky - \$400 a year, after very good management of its assets and its business and keeping its nose very clean and doing everything right and yet, as the crow flies a few kilometres away, the Glenorchy City Council receives priority dividends of \$8 million per year. With those kinds of situations - I am not going to call it 'inequitable' because I don't know what it is - it is certainly a most peculiar outcome. It would appear that they were political decisions made which have the ability to severely compromise development of the business. Elsewhere priority dividends are in place for councils who notionally were making a profit out of their business and it's certainly not obvious that those businesses are still making a profit. So we've come up with this new word for our submissions called 're-balancing', which was basically changing the nature of your business after due diligence was done on it and from between that point and the handover of the business, the nature of that business has changed considerably and so there was a fair bit of free-wheeling going on between local government and the Government just in order to bring this thing together.

I am wondering how you feel about the situation of Glenorchy getting \$8 million in priority dividends and Clarence getting \$400. How do you explain that?

Mr GREEN - Well, I'm not sure whether I will get the opportunity to explain to the committee in a more rigorous way than my own verbal answers, whether you want to put things on notice for me to answer or whatever, but I have to admit that I wasn't intimately involved in the discussions or the implementation of the establishment of the groups. I know anecdotally what I've heard about how Glenorchy operated their regime and how they were effectively -

Mr HIDDING - Their budgets were a little different from those of other councils.

Mr GREEN - A little bit different. I have to be a bit cautious here; I am the Minister for Local Government, I don't want to be undermining them or the mayor who is an honourable member of the Legislative Council, but necessarily I figure that the reform process was deemed to be so important that it was important that those so-called non-conforming - to a degree - councils were given the opportunity to participate fully and I think that's probably the reason those decisions were made.

I would be more than happy to provide the committee with a broader answer if you would like, if you want that in a factual context because I have to be honest with the committee and say that I don't understand - I have not been briefed about exactly what occurred at that time.

Mr HIDDING - I don't know either so we'll discuss it in the committee and we'll get back to you.

Mr GREEN - I am thinking more about the future. I just know that effectively we have to continue down this path if we are to make sure that we have First World drinking standards, First World sewerage and that will provide us with the opportunity to develop into the future and the economies of scale that are vitally important, I believe.

Mr MORRIS - On that, Minister, would the Government be willing to re-evaluate the quantum and balance of the priority dividends, given the information that is now available, as opposed to what were the original decisions made in relation to -

Mr GREEN - It goes without saying that, as a result of the latest report, I think we all need to face up to that. Councils have said a lot along the way but in the end the facts have been effectively borne out because this is a far more transparent arrangement than it was in the past and that transparency has allowed us as a community overall to think about what we need and what we require. It's all right. You know, everybody's had a bit of fun politically with respect to the establishment of water and sewerage corporations, and of course the cost of living as a part of that is essential. You do not have to think that far back to when the guns were firmly trained on the councils about what people were getting for their rates money, and that is probably why there was significant underinvestment in some of the infrastructure. At the same time we don't want to slip into a situation where we go berserk with capital outlays on the basis that that can be fully recovered. We need to think our way through that and do it all in a timely way.

CHAIR - On that basis then obviously one of the things that has been talked about, looking forward, is the impact of future price rises on customers, and everything that we have been looking at has some part to play in that, structure and other matters. We have had evidence from Southern Water about the 7 per cent weighted average return on capital. Do you have a view as to what full price recovery should be with regard to a return? We have heard that 4 per cent was probably on the right track.

Mr GREEN - Yes, and I am aware the Chair was thinking he would be clapping his hands if he could achieve that effectively, but the advice that I have received is that it is much less than that, much less than 7 per cent, maybe 3.5 or 4 per cent or whatever. There is a timing factor associated with that as well and that is why, despite all the politics that have been played around this, I think this is extremely useful in looking at the most recent report, that context, price, return - all of those things need to be taken into consideration in a Tasmanian context on a regional basis as it stands at the moment. That is why I am not worried about looking at the management or what is deemed to be reasonable in terms of the management overarching in the contribution that councils make to this process, because I think that now that the reform has been established - it was passed through both Houses of Parliament - we are in a position to look at ensuring that it is as fair as it possibly can be and delivers what we want it to, but within the sort of time frames that will make it palatable effectively, given the size of the task, for everybody.

CHAIR - One of the major issues that have been raised by the corporations with us has been the issue of the Government's 5 per cent price shock and how that can best be dealt with. What is your view on that? Obviously you are as aware as the rest of us.

Mr GREEN - I am prepared to take some advice on it - of course I am.

Mr MORRIS - Good.

Minister in your submission you say that the contribution currently being made by the State Government would not be included in the base level of the prices, talking about the post-July 2012, so what that indicates here is that we have 5 per cent one year, 10 per cent the next year, 15 per cent the next year, and then a sudden drop, and that has been identified clearly as a potential problem -

Mr GREEN - For us all.

Mr MORRIS - that is at least from the corporations' perspective - could be ameliorated by perhaps action this year in not allowing it to go to the 15, but actually stepping back down over a two- or three-year period. That is something that certainly they expressed very strongly to us, that the price shock to the corporations from a sudden drop from 15 per cent would be more than they could bear. So you will be able to provide us some more advice about it?

Mr GREEN - Yes, I am sure we can provide more advice in that regard.

Mr MORRIS - What options are available?

Mr GREEN - We are taking some advice ourselves in that regard, aren't we? Yes. I am happy to provide that to the committee.

CHAIR - So you will provide us with what you think are a range of options in regard to ameliorating the price shock?

Mr GREEN - I would have to provide it to you anyway. We will have a look at what we've got.

Mr HIDDING - I will just take it a little further. If you do not have options fully developed, can you develop them and then get them to us?

Mr GREEN - The briefings I've had in this regard -

Mr HIDDING - Your Minister's office or the department can surely provide us, because you are saying you are prepared to look at advice. You are suggesting advice from this committee?

Mr GREEN - No, I'm taking advice quite apart from -

Mr HIDDING - This committee has been established by Parliament and needs to consider this matter, so if you could share with us what you've got and develop what you haven't.

Mr GREEN - I accept the question is in good faith, obviously, but I'm always a little cautious about the politics that are played around some of the responses that are given.

CHAIR - With the greatest of respect, Minister, I don't think this committee has played politics on this issue.

Mr GREEN - I accept that you haven't to this point.

CHAIR - There has been ample opportunity -

Mr GREEN - I would say, though, on cost of living generally you are playing politics.

Mr MORRIS - I can assure you this committee has got no intention of playing politics.

Mr GREEN - Who is the Chair here?

Mr MORRIS - A very good one too.

CHAIR - Just to finish this point, if you want to provide that information in confidence to the committee, then the committee will treat that information in confidence, or you can provide it publicly with the other documents.

Mr BEST - Can I just support my colleague here in the chair, I think he has done a fairly good job so far.

Mr HIDDING - Compared to what he normally does.

Mr BEST - Mr Hidding, though, on the other hand has played up somewhat.

Mr HIDDING - You aint seen nothing yet!

CHAIR - To move on from that point, so we can expect to receive copies of the advice that you received in regards to what the options might be to mitigate the 5 per cent.

Mr GREEN - I am just reminded that the Treasurer is waiting for advice about options and we will be talking to the corporations about that as well, but if we need to do it in confidence we will, if not -

CHAIR - Can I then ask you one other question -

Mr GREEN - When do you plan on wrapping your committee up?

CHAIR - On 26 May or before that if we can. Obviously that is the envelope we were provided with, but we'd prefer to come in on this side of it if we could. One of the other key issues that has been raised on pricing - and whilst I have no quibble with the submission's view that it is up to the regulator to look at smoothing and other things, I would like to hear your view. We've heard from the Property Council their view on the cross-subsidy that exists between business and residential. They have very graciously - and in fact to quote one of them, they took themselves to be the voice of reason on this issue - agreed to look at a 10-year period whereby a transition from business to residential could occur in relation to the cross subsidy that currently applies. What is your view on that as a challenge and do you have a time frame in mind?

Mr GREEN - There is a variation, as you know, across effectively the 29 councils overall. Some cross-subsidisation exists to a greater extent in some areas than it does in others, so

I guess that's the complicating factor when it comes to smoothing. I haven't spoken to all of the corporations about their view as to how this ought to unfold, but I certainly have spoken to Cradle Mountain Water and they had a view with respect to a transition, and it was obviously based on years, so I think what we have to do is weigh that against our expectations or council's expectations on what might come to them.

CHAIR - Following on from that, obviously the other lever that is available - obviously we've got the return on asset or return on capital that's part of it - is the forward program of capital works. We've heard from the corporations that councils to some extent had an easier time in past decades in regards to the way that the EPA or the Public Health Authorities might have dealt with them. They weren't compelled to the same degree that directors currently are that belong to these corporations; when notices are issued they are compelled to act. One of the levers that they have raised with us is that if they were able to push out their program of forward works longer than the 10 years that have been talked about in public discourse then that is one way they could mitigate price increases but from the Government's point of view obviously that might mean that there may be some aspects that the EPA or the public health authorities might not be happy with. What would be your view?

Mr GREEN - There are two ways you could do it effectively. You can go headlong and rely on recovering that, and that makes it extremely unpalatable and difficult for low-income earners and people generally to cope with, or you could take a more measured approach through a regulatory arrangement that takes into consideration all of the things you have just talked about - the EPA et cetera.

By having the corporations established as they are on a regional basis at least we can prioritise to an extent that we have not been able to prioritise in the past, so sensible decisions can be made. As I indicated in my opening remarks about huge capital outlays, people just want to go ahead and do all that and it needs to be well thought through. We are not in a position, as has been pointed out, given the cost impacts of that, to be able to do everything that we want in a short time.

Mr MORRIS - One of the things I put to the chairman was that, given that the current situation is quite prescriptive regulation of the corporations, especially around their ability to manage the transitions here in the south from the AAV system to a two-part tariff and in the north and across to the south as well the cross-subsidies from sector to sector, at the moment the regulator basically has the task of prescribing all that. If the regulator just set the maximum amount of revenue that each corporation could earn and the corporations were then left to resolve the issues of cross-subsidisation and cost recovery themselves, would they be able to do it, the answer was, from recollection, a very clear yes. Have you thought about it? Do you have an opinion about whether the regulation is too prescriptive and that a revenue cap is the key thing required because of the difficulties that the corporations have and the regulator has in trying to achieve the outcomes we all want to get to but the difficulties of moving in three different directions at once?

Mr GREEN - Obviously we know what we require from the regulator with respect to what he has to take into consideration, and obviously affordability and issues associated with that are front and centre. That is obviously covered within the act. The corporations

obviously need to play a part in providing their service plans and plans generally on where they want to take their businesses.

I think the key to this whole process as it stands at the moment is that all of this is far more transparent now than it ever was in the past when it comes to the investment, under-investment and how costs are passed on. With the transition away from the old pricing structures to the new, that is something that obviously needs to be structured as well so that the transparency associated with it and all other aspects effectively is established. I guess right at this moment, given the complexity of it, they are there for us to think about in terms of the best way forward. As I indicated in the opening remarks, the fact that you are sitting longer highlights to me just how complex this whole matter is. If it was just a matter of implementation where the act goes through so it's all implemented overnight then it would be all very easy, but it's much tougher than that. It's much tougher in a Tasmanian context, particularly given how decentralised we are and the size of the task that is at hand for our going forward as a State.

Mr MORRIS - I am really wondering whether the prescriptive nature and the depth at which the regulation goes through the regulator actually make life more difficult for the corporations in achieving the outcomes, rather than just going to the high level -

Mr GREEN - Yes, it might make it more difficult for the corporations to go in and do what they want or make various changes, but at the end of the day we have to be measured in that. People would argue, for example, that transmission charges go up as a result of Transend having the best infrastructure possible at exorbitant costs. They feel pretty good about themselves but at the end of the day the transmission costs go up because they know it's a regulated return and all the rest of it. So, we just need to think our way through and make sure we are in a position to allow the Tasmanian people to understand that we are doing this in a way that fulfils our goals, achieves equity with respect to pricing and et cetera, but do it in a timely way.

Mr MORRIS - You'd be aware that Cradle Mountain Water ended up with significantly more debt than the due diligence process was anticipating, as is my understanding.

Mr GREEN - Yes.

Mr MORRIS - That debt was passed on from the councils, obviously after the due diligence. Presumably the due diligence process asked the councils what debt was going to be handed over and, in fact, what was handed over was significantly more than what was expected. That's left Cradle Mountain Water in a real problem with their debt levels in that they don't have the flexibility they need. Have you thought about it? Have you any suggestions about how that might be fixed so that Cradle Mountain Water has a debt level that's more in line with the other two corporations?

Mr GREEN - Yes, I have thought about the fact that they've certainly got a larger debt and how that debt came about and all the rest of it. I guess that's something that we need to think about. It has come about after the fact. It has not put them in quite the position they want. I noticed, though, that the councils who were saying the most about what dividends they ought to get were actually the councils that provided most of the debt as well in the transfer. So the discussion or the debate we are having is in that context. That's why I think it has been important to have this committee because it does allow the

Tasmanian people to understand just what we are really talking about here. Before it was being portrayed as if we're stealing these things away from local government. We've spent all this money on water and we've got a terrific reticulated system which is almost gravity-fed but, by the way, we've also built this whiz-bang sewerage system out here that we've got a fair bit of debt on. The ratepayers of that particular municipality - say Burnie - would be thinking that by establishing the water and sewerage corporation in fact we undermined Burnie from that point of view, whereas I would contend that it's a bit different. In terms of an overall resolution that is why we have boards in place and they need to manage that.

Mr MORRIS - So you don't think there is a role for government in terms of the legislation or regulation, or the like, that might assist there?

Mr GREEN - I think that they are owned by local government, as they always were.

Mr MORRIS - The point I'm making is that local government doesn't have the ability to change the regulation around the corporations; only the Parliament has that ability. Cradle Mountain Water finds itself in a position that it didn't expect and if it doesn't get some assistance from somewhere then it may well not be financially viable.

Mr GREEN - I'm not committing any assistance with respect to their debt level.

Mr MORRIS - I wasn't asking for a cash injection, I was asking whether you might have regulatory intervention?

Mr GREEN - As I've said, they're the owners and if they make some submissions along those lines then we might have to have a look at it.

Mr MORRIS - That is good.

Mr GREEN - Their ability to recover and make themselves a viable business outside the existing situation is challenged regularly with headworks charges and just about everything they contend they need to do to ensure their viability and ensure there is equity with development et cetera; that is challenged at every turn. I accept what you say about due diligence after the fact meaning that debt levels are higher than first thought. We know that because we've spoken with them and to a degree it hamstrings them, but by the same token it also says that if you are a polluter or wanting to use that service then you need to get it in the front of your mind that you have to pay. That is what happened in recent times in the discussions over Simplot about what's required for them to continue to operate, and for other organisations who have used those facilities and infrastructure in the past there is a requirement.

Of course the opposite is what has happened with McCain's, for example, saying that the cost of that to their business, the use of the sewerage system before the entity even existed, was too high under a local government scenario. So it has always been there, but we need to get it on a reasonable footing. Suffice to say that we don't own it, but we are prepared to look at the regulatory arrangement on governance, which might make people understand that their role is important and that the contribution they make will allow their constituents to understand how they see the future.

Mr HIDDING - Minister, we raised on a number of occasions with the chairman - who was wearing his different hats around the State - the matter of applying to the Federal Government for whatever funds. When it first came up we had a Liberal government and there was money available under NWIS notionally. It really was a game-changer in that suddenly there was no money available. The question was put to him whether he saw his corporations in Canberra actively lobbying for any money, and he was of the view that the State Government needs to do this. He was of the view that infrastructure money certainly, and any other applications also in terms of NWIS and anything else, all had to go through the State Government. Now we have a problem of focus there, haven't we. As you say, they own it, and if they want Federal money they ought to be over there, almost having a permanent lobbyist looking for some money to rebalance themselves into effective operations. Can we unravel this? Whose job is this to do that, to look for Federal funds for our water corporations?

Mr GREEN - I suppose it is their job in the first place, but it seems there's an argument about it.

Mr HIDDING - I am worried that the whole job is falling between the cracks because everybody is feeling it is someone else's job. The Dorset general manager was very critical -

Mr GREEN - I do not want to see Federal funding evaporate from Tasmania. It is much better if they get it, because then it does not come off our GST revenues to the extent that it did before, so we need to think about that. I am more than happy, if the committee has a view, to consider that but I just want to make sure that we do not miss out. If that is what he is arguing -

Mr HIDDING - I don't want to verbal him, but the transcript is available. This committee can put that in its report in May, so by the time you look at it it is June and the rest of it. I just feel it is my duty to bring to your attention that there appears to be some misunderstanding of exactly who is responsible, and we need to sort that by then.

Mr BEST - The other thing from Dorset along those lines was the feeling that setting up the corporations would assist in getting Federal funding, but there is a view it has actually had the reverse effect, that Canberra has thought that now you have these corporations you do not really need Federal funding. Dorset commented that where they had been successful in the past that was now somewhat diminished. They felt that one of the big issues affecting funding was to provide some sort of economic argument around it, not just put your hand out. That was what the view was, that the corporations just put their hand out.

Mr GREEN - It was environmental too at times, like the Clean Seas program.

Mr HIDDING - It was a pretty strong submission from the general manager of Dorset.

Mr BEST - It was, yes. He was saying that if it had been built around a more economic base as to why the corporation should be funded, they may have been more successful.

CHAIR - Perhaps you might provide advice back to the committee as to what the process currently is for making requests of Infrastructure Australia or any other agency, because we heard different stories from local government, from corporations -

Mr GREEN - So Miles Hampton argued -

CHAIR - that it was your responsibility to apply for Infrastructure Australia funding.

Mr GREEN - And he is saying that we have argued that?

CHAIR - No.

Mr GREEN - He believes it is our responsibility.

Mr BEST - He believes he can't go to Canberra because these guys were grilling him over it, and he said, 'We've got to go through the State'. That is what he was saying.

CHAIR - And the State makes a submission.

Mr HIDDING - So the worry is that we might have lost traction somewhere.

Mr GREEN - I will provide that information.

Mr HIDDING - If that is a misunderstanding then surely we can have a look at that before we write our report.

Mr MORRIS - He didn't feel he had the standing to go to Infrastructure Australia.

Mr BEST - Yes. He said that under the rules he can't. I don't know if I am saying this right or not but that's -

CHAIR - I think you are expressing it as it was put.

Mr BEST - He said he couldn't, under the rules, go and ask Canberra.

CHAIR - Minister, thank you.

THE WITNESS WITHDREW.