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Official Committee Hansard

SENATE

RURAL AFFAIRS AND TRANSPORT LEGISLATION
COMMITTEE

Estimates

WEDNESDAY, 25 MAY 2011

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE
RURAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
Wednesday, 25 May 2011

Senators in attendance: Senators Abetz, Back, Bushby, Colbeck, Heffernan, Humphries, Hutchins, Ludlam, MacDonald, O'Brien, Parry, Siewert, Sterle and Williams

INFRASTRUCTURE AND TRANSPORT**In Attendance**

Senator the Hon. Kim Carr, Minister for Innovation, Industry, Science and Research

Department of Infrastructure and Transport**Executive**

Mr Mike Mrdak, Secretary

Mr Andrew Wilson, Deputy Secretary

Corporate Services

Mr David Banham, Chief Operating Officer

Ms Marilyn Prothero, Chief Financial Officer

Infrastructure Australia

Mr Michael Deegan, Infrastructure Coordinator

Nation Building–Infrastructure Investment

Mr Andrew Jagers, Executive Director

Mr Richard Wood, General Manager, Rail and Intermodal

Mr Neil Williams, General Manager, Infrastructure Policy

Mr Roland Pittar, General Manager, North West Roads

Mr Alex Foulds, General Manager, South East Roads

Ms Heather White, Acting General Manager, Major Infrastructure Projects Office

Surface Transport Policy

Ms Karen Gosling, Executive Director

Mr Robert Hogan, General Manager, Vehicle Safety Standards

Ms Philippa Power, General Manager, Maritime Policy Reform

Mr Michael Sutton, General Manager, Land Transport Reform

Mr Joe Motha, General Manager, Road Safety and Programs

Ms Donna Wieland, General Manager, Surface Transport Regulation Taskforce

Ms Pauline Sullivan, Acting General Manager, Shipping Policy Reform Branch

Australian Maritime Safety Authority

Mr Graham Peachey, Chief Executive Officer

Mr Mick Kinley, Deputy Chief Executive Officer

Mr Allan Schwartz, General Manager, Maritime Operations Division

Mr Yew Weng Ho, General Manager, Corporate Services Division

Mr John Fladun, General Manager, Regulatory Affairs and Reform

Mr Neil Ada, Acting General Manager, Emergency Response Division

Mr Nick Lemon, Acting General Manager, Maritime Standards Division

Mr Jamie Storrie, Manager, Marine Environment Pollution

Policy and Research (incorporating the Bureau of Infrastructure, Transport and Regional Economics)

Mr David Williamson, Executive Director

Mr Brendan McRandle, General Manager, Policy Development Unit

Dr Gary Dolman, Head of Bureau, BITRE

Mr Stuart Sargent, General Manager, Policy and Research Division

Mr Richard Farmer, General Manager, High Speed Rail

Major Cities Unit

Ms Dorte Ekelund, Executive Director

Australian Rail Track Corporation

Mr John Fullerton, Chief Executive Officer

Office of the Inspector of Transport Security

Mr Mick Palmer, Inspector of Transport Security

Mr Peter Pearsall, Director, Office of the Inspector of Transport Security

Office of Transport Security

Mr Paul Retter, Executive Director

Mr Guy Richardson, Acting General Manager, Analysis and Operational Support

Mr George Brenan, General Manager, Transport Security Operations

Mr Steve Dreezer, General Manager, Maritime, Identity and Surface Security

Ms Karly Pidgeon, Acting General Manager, Supply Chain and Screening

Mr Peter Edsor, Director, Aviation Security

Mr David Tansey, Director, Aviation Security

Aviation and Airports

Mr John Doherty, Executive Director

Mr Scott Stone, General Manager, Aviation Environment

Ms Ann Redmond, Acting General Manager, Airports

Mr Stephen Borthwick, General Manager, Aviation Industry Policy

Mr Jim Wolfe, General Manager, Air Traffic Policy

Mr James Collett, General Manager, Sydney Aviation Capacity

Mr Marcus James, General Manager, Airport Economic Regulation

Airservices Australia

Mr Greg Russell, Chief Executive Officer

Mr Mark Rodwell, Acting General Manager, Air Traffic Control

Mr David Byers, General Manager, Corporate and International Affairs

Civil Aviation Safety Authority

Mr John McCormick, Director of Aviation Safety

Dr Jonathan Aleck, Associate Director of Aviation Safety

Mr Terry Farquharson, Deputy Director of Aviation Safety
Mr Peter Cromarty, Executive Manager, Airspace and Aerodrome Regulation
Mr Gary Harbor, Executive Manager, Corporate Services Division
Mr Peter Boyd, Executive Manager, Standards Development and Future Technology
Mr Greg Hood, Executive Manager, Operations
Mr Mark Sinclair, Executive Manager, Safety Analysis, Education and Promotion
Mr Peter Fereday, Executive Manager, Industry Permissions
Mr Adam Anastasi, Executive Manager, Legal Services
Ms Elizabeth Hampton, Industry Complaints Commissioner
Mr Craig Johnson, Chief Financial Officer

Australian Transport Safety Bureau

Mr Martin Dolan, Chief Commissioner
Mr Ian Sangston, General Manager, Aviation Safety Investigations
Mr Julian Walsh, General Manager, Strategic Capability
Mr Peter Foley, General Manager, Surface Safety Investigations

Committee met at 09:04

CHAIR (Senator Sterle): I declare open this public hearing of the Senate's Rural Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2011-12 and related documents for the infrastructure and transport portfolio. The committee is due to report to the Senate on 21 June 2011 and has fixed Tuesday, 26 July 2011 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 the close of business Friday, 10 June 2011. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice.

Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has a copy of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate in *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
 - (1) If:

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

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

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

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

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

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

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

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

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

(Extract, Senate Standing Orders, pp 124-125)

Officers called upon for the first time to answer a question should state their full name and position for the *Hansard* record and witnesses should speak clearly into the microphone. Could I please remind everyone present to switch off their mobile phones or render them inaudible. As agreed, I propose to call on the estimates in the order shown on the printed program. We will take a break for morning tea at 10.30 am. Other breaks are listed in the program.

Department of Infrastructure and Transport

[09:06]

CHAIR: I now welcome Senator the Hon. Kim Carr, Minister for Innovation, Industry, Science and Research, representing the Minister for Infrastructure and Transport; Mr Mike Mrdak, Secretary of the Department of Infrastructure and Transport; and officers of the

department. Minister, do you or Mr Mrdak wish to make a brief opening statement before we proceed to questions?

Senator Carr: Good morning, I have no opening statement.

Mr Mrdak: If I may, Chair. With the committee's agreement, I would just like to make some brief opening comments setting out some of the key portfolio developments since we last appeared before the committee earlier this year. First and foremost, the budget this year includes a number of significant measures for this portfolio. Firstly, the government has released its national urban policy as part of its budget which sets out objectives and priorities for improved planning and investment in our 18 major cities. The investment framework sets out ways to better connect infrastructure with jobs and where people live, developing high quality public transport and infrastructure systems and improving urban planning and design. Of importance is the establishment in the budget of two new programs as part of the Sustainable Australia initiative, a \$20 million program which will be administered by this department over the next two years to help improve the capacity of regional cities to undertake strategic planning for urban renewal, and also to provide for demonstration projects on improved planning and liveability outcomes for our cities, and a \$61.4 million program over three years will manage motorways which will fund small infrastructure technology to reduce traffic congestion and improve demand management in our major motorways.

The budget also contained a number of initiatives by the government in infrastructure investment. The most notable is the provision of an additional \$750 million of new funding for the continuing work to duplicate the Pacific Highway, to bring the total additional commitment of the Australian government to over \$1 billion for this project. In addition, the government has brought forward \$133 million of funding for the Morton Bay rail link in Brisbane. The budget also contains savings measures in the Nation Building Program to fund natural disaster recovery and rebuilding efforts, totalling some billion dollars across the forward estimates, which are being brought to account in this budget, although they were previously announced earlier this year.

Due to forecast savings, the delivery of projects related to the Ipswich Motorway and Bruce Highway in Queensland, the five Bruce Highway projects totalling \$285.4 million that were to be deferred have now been reinstated to the program. A further \$150 million has been deferred to 2015-16 for the F3 to Sydney Orbital Project feasibility study. The budget also confirmed the government's commitments to the regional infrastructure fund and funding for two roof projects has been brought forward to 2010-11, \$9.5 million for the McKay Ring Road study and \$1.8 million for the Scone level crossing work. The budget also contains a renewed commitment to aviation investment programs with the continued extension of funding for the Regional Aviation Access Program for a further two years at a cost of \$28 million. The budget also contains funding towards continuing the work to establish single national regulators across Australia in maritime safety, rail safety and heavy vehicle regulation.

Finally, the budget contains important additional resourcing for Infrastructure Australia and a greater clarification of its future role, with a 40 per cent increase in its funding to \$9 million per year. This creates funding with greater clarity about its role and the expectations of it. Also since we last met with the committee the Australian National Audit Office has completed its review of aviation and maritime security access cards and the ANAO has now

tabled its ANAO audit report on 5 May this year. The ANAO report provides some very positive commentary on the way in which the range of activities under the security cards have been implemented by the department and the Attorney-General's Department. The report also highlights some increasing vulnerabilities and these are being addressed, including through work we are undertaking on generic risk and vulnerability assessments, an environmental scan of our current security card features and technologies, the refinements we are making to the ASIC and MSIC audit process, the moves we are taking to serve infringement notices for non-compliance with ASIC's and MSIC's display requirements at airports and our seaports, and implementing changes to our visitor management arrangements at our airports.

The department is also working closely with the Attorney-General's Department to address discrepancies identified by the ANAO between the AusCheck database and issuing-body registers. The department will examine with industry stakeholders, unions and government agencies whether the current functional model and operating structures of the ASIC's and MSIC's cards could be further improved.

Finally, I will mention two further things. Firstly, this budget continues the department's major role in investing in the nation's infrastructure. The department is administering \$32.2 billion over the six-year period to 2013-14 to fund nationally-significant projects under the Nation Building Program. This budget includes a number of new projects that will commence this year, including the rail freight network projects in the north of Sydney, rail access into intermodal facilities, realigning and widening work on the Bruce Highway, and work in Western Australia on the Great Eastern Highway.

The budget also highlights the work that is going on in terms of national regulatory reform and, as you are aware, the Council of Australian Governments has agreed that Australia will have, fully-operational by 2013, single national regulators for heavy vehicles, rail and maritime safety. Last Friday the Australian Transport Council of ministers agreed to support forwarding to COAG for signature draft intergovernmental agreements to establish these national regulators. These are significant steps forward in the regulatory reform program. Australian transport ministers also launched the next 10-year road safety strategy on Friday at its meeting, which provides a very important framework for meeting our commitments to the UN Decade of Action and to improving Australia's road safety record.

Finally, the department is continuing its work on shipping reform, implementing the government's shipping reform agenda and rewriting the Navigation Act.

I will finish by recognising that in the coming months a number of senators will retire from this place and I would just like to place on the record our appreciation from the department's perspective of the work of two of those retiring senators: Senator Hutchins—we do appreciate the work that we have done with Senator Hutchins—and also Senator O'Brien. I think Senator O'Brien has sat on this committee for as long as I have, in many ways. We do appreciate the work of both senators, and Senator O'Brien, in particular, who I know has been a passionate advocate for reform and good policy and programs, particularly in maritime and aviation safety.

It is fair to say that I think Senator O'Brien has made an outstanding contribution to this place and to this committee, and certainly the way he has worked with us as a department is very much appreciated. I think he has been a major contributor to reforming and improving Australia's transport outcomes in his time in the Senate and certainly in his work with this

committee. At a very strong personal level, can I, on behalf of the department, wish both senators the best, to them and their families, for the future, and highlight the outstanding work they have done, but particularly Senator O'Brien, who for many years has worked tirelessly in this committee on the work with us. Thank you very much and thank you, Chair.

CHAIR: Thank you very much, Mr Mrdak, and we do appreciate your words of kindness and warmth to our fellow senators who will be leaving us and who will be sadly missed, especially for the experience that they have brought, along with all the years on this committee. That comes from across the committee as a whole. Thank you very much, Mr Mrdak. I am certainly going to miss their support.

On that, we will go to questions, and I never get sick of hearing about roads being built, Mr Mrdak, so you can talk all day on that; that is fantastic. We will go straight to Corporate Services questions.

Senator O'BRIEN: I understand the role of estimates is for oppositions to scrutinise government. I thank Mr Mrdak for his very kind words. I greatly appreciate the way that I have been able to interact with Mike and this department, in its various forms, over the years. I have spent countless hours asking questions and probing for answers in opposition, so, in a way, it is a relief not to be required to do that again, but I cannot say that I will not miss the experience, because it has been a great experience.

CHAIR: Good on you, mate. That is true.

Senator HUTCHINS: Thank you, Mike.

Senator IAN MACDONALD: As Senator Colbeck suggests, could we have Mr Mrdak table that statement?

Mr Mrdak: Certainly.

Senator IAN MACDONALD: Mr Mrdak, at the start, are there any changes in the setup of the department or senior personnel since we last met?

Mr Mrdak: No. We have only one senior change in our executive. Ms Leslie Riggs continues to be on long-term sick leave; her health is improving, fortunately, but she remains unwell. We have recently promoted Ms Karen Gosling to the level of executive director and she is now in charge of our Surface Transport Policy Division.

Senator IAN MACDONALD: Where would I see the billion dollars of savings that you mentioned?

Mr Mrdak: They were announced in January and they are reflected in the measures, and I will find those for you. They are reflected in Budget Paper No. 2 and they are in a number of items: firstly, there are items dealing with the deferral of projects that were announced, in Victoria, New South Wales and Queensland, and also the cancellation of the O-Bahn project in South Australia. They are at page 269 onwards of Budget Paper No. 2.

Senator IAN MACDONALD: They have been deferred. Are they deferred beyond the out-years of the budget?

Mr Mrdak: They were deferred beyond 2014-15. However, the decision in this budget is to reinstate five of the Queensland road projects that were deferred; they have been reinstated into the program and they will return to the original timeframe that had been settled under the Nation Building MOU.

Senator IAN MACDONALD: Can you or the minister just explain that? I must say, I was very critical when those were deferred, not the least because I have a personal interest in at least two of them that I drive along every day between my house and my office. What was the rationale behind deferring those and what is the rationale then for, a couple of months later, reinstating them?

Mr Mrdak: As we outlined in the additional estimates hearings earlier this year, the government identified these projects as projects that were still in the early stages of planning and that could be deferred to meet the costs of the disaster-recovery requirements in Queensland and other jurisdictions. It also reflected advice at the time from Queensland that, given the requirements on them for the restoration effort, post the flooding and the cyclone, they may not have the capacity to proceed with these projects. Subsequent to that, the government, following advice from the Queensland government, has decided to reinstate five of those projects. Those five projects are: the duplication of Vantassel Street to Flinders Highway, with a \$75 million Commonwealth contribution; a realignment and raising the Bruce Highway from Sandy Corner to Collinsons Lagoon, \$40 million; the Burdekin Road Safety Audit projects, \$20 million; the Cabbage Tree Creek to Carman Road project on the Bruce, \$64.7 million; and the Caloundra to Caboolture work upgrade, \$85.7 million. The decision to reinstate those projects followed advice from the Queensland government that they had identified savings elsewhere in the Nation Building Program that would be available to enable these projects to be brought back into the program, and also their advice that the pre-existing timings could be met within their works program.

Senator IAN MACDONALD: I have raised this issue for at least the last 10 years. Is the Commonwealth government able to in any way double check the Queensland government's always very optimistic assessments of what they can and cannot do? There may be reasons for this, not all mismanagement, there is a competition for skilled labour in Queensland, particularly in the north around the mining areas. Wasn't the Vantassel Street project proposed in an election commitment something like four years ago, in the 2007 election?

Mr Mrdak: I believe it was part of the government's commitment in nation building 1 in 2007—that is correct.

Senator IAN MACDONALD: Here we are four years on and I can tell you, driving that road every day that I am in my office—which is not a lot, I might add—that not a skerrick of work has been done on that. It was promised again before the last election and then it was deferred. I give the Commonwealth the benefit of the doubt and say it is not them fiddling with the figures, but it simply seems that the Queensland government in this instance is incapable of doing the work. You may wish to comment on this, but I ask again: is there any way the Commonwealth can do more than just accept the word of the Queensland government that they are in a position to be able to do those works?

Mr Mrdak: Certainly we do closely monitor through our nation building division the work and the advice that comes from Queensland and other jurisdictions in relation to the program. In this situation I think that project is programmed for the back end of the current program. I will ask Mr Jagers if he can give us some more detail in relation to the timing, but we do scrutinise the advice. Queensland, like other jurisdictions, obviously programs projects into their forward works program. Wherever possible we would like to see those brought

forward, obviously, depending on when the funds are available. I can assure you we do closely scrutinise that. I will just see if Mr Jagers can add any more to that.

Senator IAN MACDONALD: I might add in passing that I felt this was a personal affront to me because three of those deferred projects are in the area between the Burdekin and Townsville. That is why I was delighted to see them come back, but I am sceptical that they will ever be delivered.

Mr Jagers: Certainly we have agreed to bring those projects back into the program and we will be working with the Queensland government in relation to their delivery. In relation to this particular project, funding is to flow next financial year for the project. We have not had a discussion with Queensland yet about the revised timing for that project now it has been brought back into the project, but we will be doing so in the next week or two.

Senator IAN MACDONALD: I appreciate these are probably questions for a latter part of the agenda, but they are related to the general corporate comment about these savings and bringing projects back. Can I ask a general sort of question. Four out of the five are in Queensland and I think one is in New South Wales—

Mr Mrdak: No, they are all Queensland projects.

Senator IAN MACDONALD: There is one on the Sunshine Coast.

Mr Mrdak: Yes, we have Vantassel Street to Flinders Highway. They are all Bruce Highway projects. There is Sandy Corner to Collinsons Lagoon, Burdekin projects, Cabbage Tree to Carmen Road and Caboolture to Caloundra.

Senator IAN MACDONALD: All five of them are in Queensland. How much is the Queensland government putting into each of those projects, if you have that there? If not, I can come to it later.

Mr Mrdak: We will get that information for you.

Senator IAN MACDONALD: As a general rule, what do the states put into these projects?

Mr Mrdak: It varies across the projects. In some cases it is 50-50 funding; in other cases it is 80-20. The proportions can vary depending on what has been agreed with the jurisdictions under the MOUs with them. It can vary. In some cases the projects are fully Commonwealth funded; there are not many of those. Most of them do have some degree of state funding involved, at least 20 per cent.

Senator IAN MACDONALD: There is not a constant arrangement for the Bruce Highway projects? They vary by project?

Mr Mrdak: They vary by project but essentially I think at least 20 per cent funding is the requirement on most of them. I am just checking.

Mr Pittar: As Mr Mrdak says, it does vary. Generally we aim for 80 per cent Commonwealth and 20 per cent state funding for projects on the Bruce Highway.

Senator IAN MACDONALD: Do you quickly have figures for those five projects—whether the 20 per cent is constant there?

Mr Pittar: I do not have a list of all the 80-20 projects for Queensland in front of me, but I can take it on notice.

Mr Mrdak: We can seek to get that for you.

Senator IAN MACDONALD: These five are special because they have been deferred and then they have been brought back. So they are very much to the fore in budget preparations. I would hope you are able to get me that. Do you check with various state governments that they have the money available for their contribution?

Mr Mrdak: If the contribution is not available, the project does not proceed. This has been one of the issues with a number of jurisdictions where we have sought through the various budget processes to ensure that our funding aligns with their funding. Hence, when our budget letters go out to each of the jurisdictions, we make clear what our proposed timetable is for our funding arrangements. We generally try and settle those with the jurisdictions to ensure that their budgets also align in terms of their contributions being available in the same years.

Senator IAN MACDONALD: Do I take that to mean that in those five projects you have some firm indication from the Queensland government that they are able to fund their proportion?

Mr Mrdak: That would be our understanding—that when the projects start, yes, we will have that Queensland money available.

Senator IAN MACDONALD: Can I perhaps be more specific. Can you give me on notice the details of the Queensland government's commitment? The Queensland government is well known to be broke. It has no money. The floods and the cyclones impacted heavily on Queensland, again as your department well knows, and Queensland is one of the few states that did not carry insurance. Queensland is going to be the principal beneficiary of the flood levy, in which we are taxing individuals but not wealthy companies to pay for a lot of the flood recovery. I put to you that the reason Vantassel Street, for example, was not done four years ago is that the Queensland government was not able to cough up its contribution. Is that correct or not?

Mr Mrdak: I think that has been one of the issues in terms of getting it into the program. But, as Mr Jagers indicated, we now believe we have a program locked in that the contribution will be available to meet the cash flow we are projecting.

Senator IAN MACDONALD: As I say, on notice, if you can give me the details of the assurance you have. The Queensland Minister for Main Roads happens to represent one of the Townsville seats. In fact, he is originally from Burdekin, so he has the same sort of birth interests, almost, that I have. Yet I as a federal parliamentarian get continually annoyed with the Queensland minister, because whenever there is a delay it is always the Commonwealth's fault, notwithstanding the fact that he is the roads minister. He is always cleverly able to blame the Commonwealth—it does not matter which government. I suspect, and I have said all along, that the reason for this is that the Queensland government (a) does not have the money and (b) does not have the management expertise to do these works. I fear, with all of the work that is required to be done with flood and cyclone recovery, that the chances of these five projects getting started in the next 12 months are absolutely minimal. Hence my question to you: what sort of oversight does the Commonwealth have in the actual planning, design, construction and funding of these works? I think you have answered that.

Mr Mrdak: We do not have a direct role in the planning work, but certainly we focus on the program scheduling and the oversight of the funding. Mr Pittar, for instance, who looks after Queensland as part of our program arrangements, does manage that quite closely in terms of oversighting their program and delivery capability.

Senator IAN MACDONALD: Mr Mrdak, you would know that going back 10 years I have been unable to comprehend why, without massively increasing the technical staff of your department, your department cannot engage some engineers and some private contractors to design and construct the work, thereby avoiding the bottleneck in many of the states—again I speak with more knowledge of Queensland but I assume this happens elsewhere. I am not suggesting you should get a department full of engineers and grader drivers, but it needs, I would suggest, a clerical ability to contract for an engineer to design and for one of the big construction groups to go in and do it. That way you do not have to pay Queensland their enormous fee, and I will come to that shortly, but you can get the job done when the Commonwealth provides the money.

Mr Mrdak: We do engage expert advice, including on planning matters and technical and engineering advice as we need to, where we believe projects are not travelling as we would like, but certainly the fundamental difficulty is that these assets are owned by the state government. The information in relation to those assets and access to the site are all dependent on the cooperation and access through the state government. That makes it very difficult for the Commonwealth to undertake its own planning and work on any of these assets.

Senator IAN MACDONALD: Surely, if you say to the state, 'We have got \$75 million for this Vantassel Street project; do you want it or don't you?', and they say, 'No, we do not want to do it unless we handle it,' you can say, 'Well, then, you bear the political consequence of that but, if you do want it, we want to get the work done so you give us permission to design, with professional engineers, fitting in with your road works,' would that not be a sensible way to go? I would suggest you would do it for the \$75 million, forgetting about the state's supposedly 20 per cent of the project.

Mr Mrdak: In relation to that project and others, the state government does want to proceed with the project. I understand your frustration, and at times we find across the program, nationally, that there are occasions where we would certainly like to see projects progress faster than they are able, but, again, I come back to the fact that the expertise and the ownership of the asset rests with the state government; we are reliant to a degree on them. I do not disagree with your point about the need at times to intervene and press harder, and to get advice which will drive projects, but I think there is a limitation on how much we could go in and do a design and build on a state asset.

Senator IAN MACDONALD: Again, using the Vantassel Street example—this applies across these projects and, indeed, across every project in Australia—how much do state governments skim off the Commonwealth \$75 million for project management, design costs, whatever label they give it?

Mr Mrdak: We have, under the MOUs with each of the jurisdictions, definitions of what is eligible for funding under the Commonwealth money. That includes direct project costs and staff directly engaged in the project but it does not provide for overhead administrative costs

of the agency involved. We will only fund direct project costs and we do scrutinise that in terms of the payments we make. I will just see if my officers can give me any further detail on this—does that capture essentially what is involved?

Mr Jagers: Yes, that is correct.

Senator IAN MACDONALD: What does that mean? How much is Queensland able to take of the Commonwealth's money for project supervision, management and oversight, or whatever other euphemism they use?

Mr Pittar: It will vary, naturally depending on the nature of the project. A project that might be more in the realm of design work, study work, will naturally have a potentially higher overhead than a project that might relate to construction. It does vary, according to the project and the complexity of a particular project.

Senator IAN MACDONALD: Have you ever done the assessment of comparing what the states—and it is all the states—charge for non-constructing work, as against what a professional multinational engineering firm could do the design and supervision for?

Mr Jagers: We analyse the costs in relation to each project that come forward from a state or territory government. In that analysis there is a breakdown of the costs for the particular project and our assessment is about whether those costs are appropriate for that particular project. Some more complicated projects will have a much higher overhead in terms of what the state or territory government might have to do, particularly projects, for instance, in Melbourne or in Sydney where there is considerable strategic planning, oversight and timing considerations around services that need to be cut off, put on and the like. Other projects which are perhaps more straightforward in, for instance, a rural area, where there are not the complications of, say, a major city being disturbed due to construction, might have a lesser cost. Our analysis is based on is the cost appropriate for this particular project?

Senator IAN MACDONALD: Just by way of example, so that I can understand what you are saying, and I hear what you say about the capital cities versus rural areas, as an exercise on notice, using the Vantassel Street \$75 million as a guinea pig, let me know—you were going to get me how much the Queensland government is putting into that—how much the Queensland government is going to get of your \$75 million for non-constructive work, that is, project management, oversight, checking out native title laws, arranging traffic flows, whatever they are. I would venture a guess that what the Queensland government will get from this will be about the same as their contribution to the project.

Mr Jagers: Yes.

Senator IAN MACDONALD: Be that as it may, could you do that? Is that a reasonable request?

Mr Jagers: Yes, I am happy to take that on notice. As I mentioned before, we will be meeting with Queensland in the next few weeks. One of the first things that we need to talk to them about is a project proposal report which details those costs. I will be happy to take it on notice, but it will be dependent on the arrival of the report from Queensland which details those costs.

Senator IAN MACDONALD: Good luck. When do you expect this report from Queensland?

Mr Jagers: We will be talking to Queensland in the next couple of weeks.

Senator IAN MACDONALD: When do you expect the report?

Mr Jagers: We have not got a date for that.

Senator IAN MACDONALD: Would you expect it within two or three months or two or three years?

Mr Mrdak: We would certainly hope for it within months. We have allocated funding into the next financial year for the project so we would anticipate that Queensland would have a project proposal to us very shortly, which would enable those funds to start into those projects.

Senator IAN MACDONALD: I might be wrong but I thought that Vantassel Street had been funded by the Commonwealth previously.

Mr Mrdak: It has been in the program, yes, but I think next year is where funding is due to flow to the actual project. So, while it has been in the program, '11-12 is when the funding will start to flow through.

Senator IAN MACDONALD: It was not '07-08 or '08-09 when it was first announced?

Mr Mrdak: It has been progressively in the program. We are now at a stage where Queensland, we believe, is ready to proceed; hence the revised funding flow will start from '11-12.

Senator IAN MACDONALD: I am being parochial but the same applies, I am sure, to every state. Is it possible to correlate announcements made for money for the Bruce Highway against when the work is actually done? I suspect there are announcements in budgets going back five or six years for work on the Bruce Highway, which has still not been done by the Queensland government. Is there any way that you can show me that my assumption is wrong, or perhaps more importantly that it is right, in that you can collate the announcements of funding with the actual construction of the jobs?

Mr Jagers: On the Bruce Highway, in the current program and from the Nation Building Program and other programs, the government has allocated \$2.8 billion to projects along the route of the Bruce. Those projects are obviously not all starting at once; they are starting sequentially. The announcement of funding in their cases will enable states to put the project in their program of works but, over the full period of the current Nation Building Program, we would expect all of those projects to be completed. The announcement often will predate the work commencing in the next financial year, because those announcements give surety over a program of work over quite a long span of roads.

Senator IAN MACDONALD: I accept all that, and I suspect the \$2.8 billion has been announced about five times in various budgets, press releases and announcements, much of it going back, I might say, to the previous government. That is what I am really wanting to ascertain: how difficult would it be in relation to the Bruce Highway to get for me a table of announcements—when they are originally made and when they were remade—correlated against when the work is actually done. I might say this is not a political attack on the current government; the current government suffers as much as any other government because of the Queensland government when the roads, particularly in my area, are not done, they are not flood proofed, and it is the Commonwealth government that gets the blame, unfairly in many

cases, because the money is allocated. I do not want an entire section of the department to spend five weeks doing that, but is there a simple way of—

Mr Mrdak: Happy to take that on notice, Senator, and we can certainly seek to get an indication of what the schedule looks like. As you said, the current projects that are in the program were announced by the government in the lead-up to the 2007 election, and subsequent commitments have been made. For instance, the amount that Mr Jagers has mentioned includes new commitments that have taken place in the last few years since 2007. We can give you a program which sets out all of the government's commitments on the Bruce and when that was done, and also what the current cash flow is because we do put the MOU with Queensland up on our website.

Senator IAN MACDONALD: Mr Mrdak, again I do not want to dwell too much on this, but I recently drove in Spain from a place called Valladolid to Aracena; it is about 400 kilometres. It is the same distance as driving between Townsville and Cairns. In Spain, the road is a four-lane highway; in my state of Queensland it is a goat track. Spain is a bit bigger than us, I assume more wealthy, although it does not have the resources Australia has. How is it that places like that can get four-lane highways where in Australia we struggle on what some goats would be offended if they were called a goat track?

Mr Mrdak: I am not familiar with that particular road in Spain. Generally though I think some economies have chosen to increase their level of borrowing and debt to fund infrastructure. Australia has for many years operated a much more prudent fiscal approach; hence we have been very prudent in where we have tried to select the highest priority, most effective projects to invest in. I do not think you could compare the level of government public debt in Spain to what the situation is in Australia. They have made conscious decisions and unfortunately they are an economy that is at the moment, as I understand it, facing some significant fiscal pressures because of their level of government debt. That is a judgment they have made. I cannot comment on the Spanish government policy position obviously.

Senator IAN MACDONALD: No.

Mr Mrdak: I can only comment that successive Australian governments have sought to be very prudent and fiscally responsible in how they fund infrastructure.

Senator IAN MACDONALD: Yes. One wonders whether the cost of delays and accidents and lives makes that a false economy. I will come back later to the road over the Cardwell Range. As a general comment—and again in Queensland, Victoria and New South Wales where there have been natural calamities—is it generally accepted that work on scheduled road improvements will be delayed until perhaps more recovery work is done in public infrastructure?

Mr Mrdak: It is not generally accepted. However, certainly one of our considerations in January when we looked at the Queensland recovery effort is how could they manage. At the last count I think it is still something in the order of 13,000 or 30,000 kilometres of roads in Queensland were affected by flooding. I will check the number. This was always going to be a difficult issue: how the resources of the Queensland agencies and the private sector could be effectively doing both the existing program and the recovery effort. This was one of the major considerations in the deferral of the projects that took place in January-February. The advice at that stage was that Queensland could not proceed to meet the current program. Since that

time there has been a very good effort by Queensland agencies and the private sector to repair most of the road network, which is now largely again open, and they are now going back and doing more significant recovery works. Mr Pittar may give you a picture of that. We have at this point not seen too much push out of the schedules. I think very good effort has been undertaken in Queensland to try and keep both going. Ron, do you want to give a bit more information?

Mr Pittar: Certainly. As Mr Mrdak was saying, of the road network in Queensland, if we look at the state controlled network itself as distinct from the network controlled by local governments, the state controlled network, the level of impact was in the order of 9,170 kilometres of state controlled roads damaged. Of that 9,170 kilometres of state road that is damaged, as at the beginning of this month, around 6,600 kilometres of the state road network had been recovered. The state controlled rail network, around 4,700 kilometres of rail network was damaged; of that 4,700, 4,400 kilometres has now been reopened. That gives a flavour of the state controlled aspects of the network. Local government roads are in addition to that.

Senator IAN MACDONALD: Your department keeps records of how much funding goes from your department to each federal electorate; is that correct?

Mr Mrdak: We certainly have systems, yes; we can identify funding by location and electorate, yes.

Senator IAN MACDONALD: Could you tell me the funding from your department alone across all of its areas that has gone into the electorates of Lyne and New England?

Mr Mrdak: We can certainly take that on notice.

Senator IAN MACDONALD: Are there any particular road projects in either of those two electorates that you are aware of?

Mr Mrdak: There are projects in both of those electorates I am aware of. In relation to the electorate of Lyne, the Pacific Highway is the major priority project in that area and we have, as part of the ongoing work for the completion of the duplication of the Pacific Highway, other projects. Additionally the government made a commitment to bring forward some \$35 million worth of planning for work around Port Macquarie which has been incorporated into the program. The minister, as part of this budget last week, announced \$6 million additional funding for planning work on two projects in the New England electorate, the Tenterfield bypass and the Bolivia Hill project. Those are additional to what was already in the program.

Senator IAN MACDONALD: My anecdotal impression in driving between Brisbane and Sydney, as I do occasionally, is that the Pacific Highway through the electorate of Lyne is in far better shape than parts of the Pacific Highway further north of that. Is there any strategy in relation to funding various parts of the Pacific Highway and is that strategy done in conjunction with the New South Wales Government?

Mr Mrdak: Yes, there has been a longstanding strategy of targeting high traffic high risk areas for duplication and you have seen that in the way in which the program has been rolled out. We have tried to, in partnership with New South Wales, target areas which have relatively higher levels of traffic and poorer safety records to ensure those areas wherever possible sensibly can be done. Hence, you have got the situation we have now where I think at the completion of this current program about 67 per cent at least of the highway will be

duplicated within the current program, and we have tried to target some of the higher risk areas wherever possible.

Senator IAN MACDONALD: I wonder if the people that make these assessments ever drive the roads, but anyhow. Can you perhaps take on notice—

Mr Mrdak: We certainly are informed in that by the New South Wales RTA and particularly their regional office where they are located in those areas, and a lot of that assessment is done by those officers of New South Wales in that area.

Senator IAN MACDONALD: The RTA, of course, have not had a stunningly successful record to their credit. Could you give me some details, perhaps on notice—I think you said 67 per cent was duplicated, so the other 33 per cent—of where that 33 per cent is and what the federal electorate is? I suspect many of them are represented by government members, but they do not seem to be doing quite as well as the member for Lyne in getting that road fixed. Perhaps if you got me the details I could—

Mr Mrdak: We will come back on notice with the details of where the current program anticipates—as I outlined in my opening comments, the government has recently made an additional commitment funding to the Pacific Highway. We will come back on notice and provide you advice of the remaining sections to be duplicated.

Senator COLBECK: In relation to the application of the increased efficiency dividend, what strategies does the department have in place to manage that process?

Mr Mrdak: We are currently undertaking our business planning for the forthcoming financial year. The overall impact of the efficiency dividend for 2011-12 is some \$2.7 million for the department. We will allocate that across the portfolio divisions, so the department divisions will be allocated pro rata a component of the efficiency dividend, and we will look to make those efficiencies through our systems and supplier expenses, as we normally do.

Senator COLBECK: What are the numbers into the outyears for that? Does it increase as we go out?

Mr Mrdak: Yes, it does. In the portfolio budget statement, the additional efficiency dividend, which is the temporary increase, is set out at page 18. You will see there the impact of the additional efficiency dividend in the full forward estimate outyears.

Senator COLBECK: You are going through a planning process this year and applying that 2.7 across all portfolio areas. Are you going to look at how you manage that across that time frame?

Mr Mrdak: Yes. When we do our internal budget allocations, I provide to my line divisions a budget for 2011-12 and also a forward estimate budget so that, when we are looking at recruitment and supplier expenses, we do look across the forward estimates to make sure that the internal budgets are all consistent with the resourcing that has been provided. We will factor all of that additional efficiency dividend, as well as the ongoing one per cent, which has been the base efficiency dividend, into our departmental budgeting.

Senator COLBECK: Are there any specific areas in how you are looking to achieve that additional efficiency dividend?

Mr Mrdak: No specific areas, although we are looking at where we may make some savings in our corporate systems, as well as supplier expenses. We will look at issues of

where we can minimise travel, where we can minimise other supplier expenses, consultancies and the like, where we need to. If at all possible, I am looking to maintain my staffing levels in the department, given the workload we have, but I will look to make savings, if I can, in my supplier discretionary elements.

Senator COLBECK: What do you mean by your 'supplier'?

Mr Mrdak: Suppliers are essentially all my non-fixed costs. I have a number of fixed costs, such as accommodation and utilities and the like. I then have my staffing costs, employee costs, and then I have my supplier, which are somewhat more discretionary, such as travel, stationery supplies—those types of areas—and consulting support and advice areas, where we may have some more discretion in relation to decisions in the future.

Senator COLBECK: How will things like the proposed changes in procurement for stationery affect your department?

Mr Mrdak: We anticipate some small savings that will be available through that. I will just refer to my chief operating officer, Mr Banham, who might be able to give you some more detail. We anticipate those whole-of-government issues will provide savings for the department, which we will be able to then apply to other things that we do.

Mr Banham: We anticipate savings from the whole-of-government stationery of maybe about 10 to 15 per cent at this point in time.

Senator COLBECK: What does that constitute—a percentage of what?

Mr Banham: I would have to take that on notice—our total stationery bill for the year.

Senator COLBECK: It is easy to say a percentage, but it does not have any context just in percentage terms. You have no sense of what the dollar figure across the board might be?

Mr Banham: No.

Senator COLBECK: What about the IT processes that are being currently dealt with in the same way? Are you affected by that?

Mr Mrdak: IT processes?

Senator COLBECK: Acquisition of IT, I understand, is being—

Mr Mrdak: This is the office machines process?

Senator COLBECK: Yes, centrally procured. Does that fit within that 10 to 15 per cent framework or is that something outside of that?

Mr Banham: It will sit outside of that. At this point in time it would be difficult for us to ascertain the savings from the whole-of-government purchase of standard desktop computers. We are probably about two years away from looking to refresh ourselves, so we will need to look at the prices on the day. But, by and large, the whole-of-government IT measures have given us some efficiencies in our purchasing.

Senator COLBECK: What about flexibility in respect of what you are able to procure, making those individual corporate departmental choices—that process? Has it had any significant impact on that?

Mr Banham: Not at this stage.

Senator COLBECK: But that is primarily because you have not got to the stage of going through a refreshment yet?

Mr Banham: What has been advised from the Department of Finance and Deregulation are fairly well known brands and products that we would normally source ourselves. At this moment, we are not anticipating any problems of getting the equipment that meets our requirements.

Senator COLBECK: What about your capacity to access specialist-type services that might be operated by, say, smaller contractors? How do they fit within that process?

Mr Banham: I am not aware of any impact on our ability to select small contractors.

Senator COLBECK: Does that mean that there is not any or that you are just not aware of it?

Mr Banham: It probably is a combination. I am not aware of the direct impact on us. There are no constraints on who we go to the market to on IT products; we still go through a procurement process. There are constraints on the brands we are allowed to select.

Senator COLBECK: What we are effectively talking about in this context then is hardware that is being centrally procured, rather than other IT services.

Mr Banham: That is correct.

Senator COLBECK: What is the current staffing complement of the department?

Mr Mrdak: 940.

Senator COLBECK: You are down about 110 from where we were last year.

Mr Mrdak: With the machinery-of-government changes, I think 186 staff transferred to the Department of Regional Australia, Regional Development and Local Government. We have had a small increase since we last appeared before the committee of around 20 employees between January and May this year.

Senator COLBECK: You are still down, in net terms, a little bit from what—

Mr Mrdak: We are still below what our projected staffing level was for this year that is coming to a conclusion, yes.

Senator COLBECK: Where have the extra 20 been allocated?

Mr Mrdak: Predominantly, they are with the Office of Transport Security. There have been positions that have been refilled due to turnover of staff. They are there and in our infrastructure division where we have again not increased overall numbers but it has just been additional—we have not increased positions but we have had through the movement of staff backfill positions.

Senator COLBECK: You have been operating with people down for a period of time.

Mr Mrdak: We have.

Senator COLBECK: How many do you have on secondment to other departments?

Mr Mrdak: I would have to check. I do not think we have any at the moment.

Senator COLBECK: If you could provide that to us on notice and a breakdown of where people are, if they are.

Mr Mrdak: Certainly.

Senator COLBECK: Are there any changes on how Infrastructure Australia is located within the department?

Mr Mrdak: Yes, there will be changes. As part of the budget announcement the government has announced a number of changes to the operation of Infrastructure Australia. Firstly, additional resourcing for Infrastructure Australia, a budget of \$9 million per annum going forward, but as well as that it has sought to increase the transparency and the accountability separation of Infrastructure Australia from the department. Infrastructure Australia has established the staff of Infrastructure Australia secretariat, departmental staff. The government has sought to increasingly provide greater accountability and separateness from the department. In the future we will be establishing arrangements for them to have greater delegations and financial management controls than they currently do.

Senator COLBECK: How many additional staff will they have as part of that process?

Mr Mrdak: I do not think that has been settled as yet. Their resourcing will increase from \$6.5 million to \$9 million per annum. I think the allocation of that between staffing and supplier expenses is yet to be determined. Mr Deegan from Infrastructure Australia will be appearing this morning. You may wish to seek his views on whether he has reached any views at this stage of how he will structure his sourcing going forward.

Senator COLBECK: I just want to go back: you said they are getting an extra \$9 million.

Mr Mrdak: Their total budget for the next four years will be \$9 million per annum.

Senator COLBECK: It now adds up. It did not add up when you said \$9 million.

Mr Mrdak: Their budget for this financial year is \$6.5 million. It increases to \$9 million next year.

Senator COLBECK: It increases to \$9 million?

Mr Mrdak: It increases to \$9 million.

Senator COLBECK: From \$6 million?

Mr Mrdak: \$6.5 million to \$9 million.

Senator COLBECK: Isn't there an extra \$36 million in the budget over the forward estimates?

Mr Mrdak: That is the \$9 million per annum over the forward estimates.

Senator COLBECK: My question says extra 36. It is \$36 million total, it is not an extra 36.

Mr Mrdak: The funding for Infrastructure Australia was lapsing at the end of this financial year and the government has decided to commit funding for Infrastructure Australia for a further four years.

Senator COLBECK: It is an extra \$2.5 million a year which is in effect only an extra \$10 million a year over the forward estimates.

Mr Mrdak: In the budget there was no funding set out beyond this year for Infrastructure Australia. This is \$36 million of new funding.

Senator COLBECK: I had not heard any intention for infrastructure to disappear so there was going to have to be some allocation for it.

Mr Mrdak: There had not been until this budget an allocation going forward.

Senator COLBECK: Its additional capacity effectively is \$2.5 million per annum over and above what it was operating at before.

Mr Mrdak: That is correct.

Senator COLBECK: We are actually starting to stray into Infrastructure Australia a little.

Senator IAN MACDONALD: Do you have any control over Infrastructure Australia on when they publish their cost-benefit analyses or is that something we should ask them?

Mr Mrdak: It is probably one to ask Infrastructure Australia. They are matters for the infrastructure coordinator and the infrastructure council.

Senator IAN MACDONALD: Can I just ask again—and we ask this all the time—how do you define 'regional' in the terms of the Regional Infrastructure Fund?

Mr Mrdak: There are various determinations. We have tended to apply regional to all those areas outside the capital cities.

Senator IAN MACDONALD: How much of that Regional Infrastructure Fund has been allocated to Western Australia?

Mr Mrdak: The government, in its announcement of the Regional Infrastructure Fund, had stated that some \$2 billion of the \$6 billion that is anticipated in the Regional Infrastructure Fund would be available to Western Australia because, you as know, the bulk of the Regional Infrastructure Fund is dependent on the mineral resource rent tax arrangements being passed. There is currently \$400 million in the forward estimates for the Regional Infrastructure Fund. That has been allocated through this budget process, including projects in Western Australia; the Gateway Project in WA is part of that, there is a government election commitment to that.

Senator BACK: If I can ask, the Gateway Project is where?

Mr Mrdak: It is the project around Perth Airport roads.

CHAIR: It is a fantastic project, Senator Back.

Senator BACK: Can I follow up on the answer you just gave to Senator Macdonald in return when he sought your advice as to what defines 'regional'? You indicated in your answer that regional related to any projects outside capital cities. I fully endorse the chairman's comment, the Gateway Project is absolutely essential, but it is not outside a capital city, is it? It is within the capital city.

Mr Mrdak: I am sorry, I thought Senator Macdonald was asking me a separate question of overall with our program definition how do we do that.

Senator BACK: I thought he asked you to define what you—

Senator IAN MACDONALD: You gave the right answer, Mr Mrdak. It is outside capital cities. Senator Back is rightly asking then how come some of the regional fund is being spent in a capital city, no matter how good the project is.

Mr Mrdak: If I can separate that: the answer in relation to that is overall we look at regional programs in terms of our portfolio for those outside the capital cities. However, in relation to the regional infrastructure fund, the government has made it clear that these are projects which are linked to the resource sector. The decision on the Perth Airport Gateway Roads Projects is very much linked to the growth and demand at Perth Airport which has been

heavily driven by the growth of the resources sector in WA. Hence, if you look at a lot of the congestion issues around those roads, they are driven by the resource expansion. That has been the government's rationale for funding that project under the Regional Infrastructure Fund. The minister has been I think on the public record in relation to that.

Senator IAN MACDONALD: Your department has forward allocations for Western Australia. There have been comments in the last couple of days about the Australian government is not going to fund Western Australia because of the Western Australian government's sovereign decisions communicated to the Commonwealth some months ago of increases in the royalty concessions. What plans does your department have to scale back on the projected funding to Western Australia?

Mr Mrdak: We have no advice of changes to the current commitments to Western Australia. In fact, the minister has been very clear in his public statements, including in the House, that all of the existing commitments in the program will be met in Western Australia.

Senator BACK: That is \$2 million.

Mr Mrdak: All of the existing commitments that have been made by the government in the current program will be met.

Senator BACK: What is the value of those? Is it the \$400 million you just referred to in forward estimates or is it the \$2 billion that the government is indicating?

Mr Mrdak: My understanding is it relates to the current commitments that are in the Nation Building and the Regional Infrastructure Fund Program commitments, which is the \$400 million. Decisions on allocation of the further amount of the regional infrastructure fund are yet to be made.

Senator IAN MACDONALD: Will the mining tax raise more or less money than the allocation of revenues to the Regional Infrastructure Fund?

Mr Mrdak: I do not know the answer to that; that is a matter for the treasury. Our role is really around the Regional Infrastructure Fund and the amount that has been set aside or forecast for expenditure under that fund is this portfolio's responsibility.

Senator IAN MACDONALD: But is the money you have to spend, so to speak, guaranteed or is it dependent on the passing of the mining tax?

Mr Mrdak: There is \$400 million which is already in the forward estimates; the remainder of the Regional Infrastructure Fund is dependent on the passing of the tax legislation.

Senator IAN MACDONALD: The \$400 million is safe?

Mr Mrdak: It is in the program. It is in the budget.

Senator BACK: I wonder, Senator Macdonald, could I perhaps follow up that line of questioning?

Senator IAN MACDONALD: Yes.

Senator BACK: In addition to the Gateway project, Mr Mrdak, what other projects are scheduled for funding in the forward estimates for the balance of that \$400 million?

Mr Mrdak: The projects that have been announced as commitments by the government total \$916 million. They are the Blacksoil interchange in Queensland, with funding of up to

\$54 million; the Townsville Ring Road, funding of up to \$160 million; Peak Downs Highway in Queensland, \$120 million; the upgrade of the Bruce and Capricorn highways, funding of up to \$40 million; the Gladstone Port Access Road, \$50 million; the Mackay ring road study, \$10 million; the Gateway project in WA, up to \$480 million; and the Scone level crossing study in New South Wales, \$2 million.

Senator BACK: You started with the Blacksoil project; how much was that again?

Mr Mrdak: That is a commitment of up to \$54 million.

Senator IAN MACDONALD: And they are not dependent on the mining tax?

Mr Mrdak: They are commitments that the government has made; that is correct.

Senator IAN MACDONALD: Independent of the mining tax?

Mr Mrdak: That is right. They are part of the Regional Infrastructure Fund but they are commitments that the government has made already for which \$400 million is provided in the forward estimates.

Senator IAN MACDONALD: Are you finished there, Senator Back?

Senator BACK: I am, thank you.

Senator IAN MACDONALD: With the Regional Infrastructure Fund, have guidelines been developed for eligibility?

Mr Mrdak: Not as yet; that is work we are now undertaking. The budget contained details of the way in which the program will operate, but the details of the guidelines and the specifics are yet to be developed.

Senator IAN MACDONALD: Can the guidelines be provided to the committee?

Mr Mrdak: Certainly. Once they are finalised and agreed, we will provide them to the committee.

Senator IAN MACDONALD: Are you going to take applications from the general public or only from other levels of government?

Mr Mrdak: We do anticipate seeking proposals, the details of which are not yet settled. There will be an important role for Infrastructure Australia: the government has announced that Infrastructure Australia will provide advice on funding priorities under the Regional Infrastructure Fund and advice on projects funded. That is work which is yet to be settled; we are starting discussions now with Infrastructure Australia in relation to how that should be best undertaken in terms of identifying regional priorities and also what planning work should be undertaken to drive those priorities. The government has also made it clear that it will, wherever possible, seek co-funding from other levels of government and, where applicable, the private sector.

Senator IAN MACDONALD: Submissions have already been made to Infrastructure Australia; will they have to be remade to the Regional Infrastructure Fund?

Mr Mrdak: That has not been settled as yet. That is a discussion we will need to have with Infrastructure Australia Council as to how they believe they should best approach this role of identifying the priorities and whether they do seek further submissions from the states and the private sector.

Senator IAN MACDONALD: Okay. Will Infrastructure Australia be required to provide advice before the government makes decisions on applications for the Regional Infrastructure Fund?

Mr Mrdak: In the statement of expectations that the minister has provided for the Infrastructure Australia Council, which was released on budget night, it does set out that the government is asking Infrastructure Australia to provide advice in relation to priorities for the Regional Infrastructure Fund, yes.

Senator IAN MACDONALD: The answer is yes, they will have to get advice from Infrastructure Australia before allocation is made?

Mr Mrdak: That is the government's intention, yes.

Senator IAN MACDONALD: The department has been allocated \$7.6 million over the forward estimates to administer the Regional Infrastructure Fund. What is that going to be used for?

Mr Mrdak: Infrastructure Australia provides advice to the government. Once the government has made decisions in relation to projects, the department then undertakes the work in terms of funding agreements and the other sorts of issues we were discussing earlier in relation to settling the final project—scope, costing details. We then run them through our normal administrative processes. This funding is to support the departmental administration of those programs over the life of the regional—

Senator IAN MACDONALD: How many additional staff are you going to put on?

Mr Mrdak: We have not settled those sorts of details as yet with the funding. We do not anticipate a large increase in staff. That level of resources would probably give us no more than three or four staff.

Senator IAN MACDONALD: This will be a bit of an offset to the efficiency dividend. You lose some staff with the efficiency dividend but get a few more back with this \$7.6 million.

Mr Mrdak: This is some additional resourcing which we are very glad to receive.

Senator IAN MACDONALD: I am sure you are, Mr Mrdak. Will it be used for consultancies as well?

Mr Mrdak: It may. As discussed earlier, if we feel that in a particular project we need to get further specialist technical advice, we may hire in additional expertise. As you know, in administering this program, because a lot of these projects may well be types of projects which the department or the Commonwealth has not previously invested, they may be areas where we need to get some specialist advice, particularly around planning, financial feasibility and project scheduling.

Senator IAN MACDONALD: I am an inveterate media release reader, particularly of Mr Albanese's. There was a media release from him dated 10 May 2011 and headed 'Labor's regional nation building agenda'. Could you please give the committee some details of the projects that were used to calculate the figures in the table in that media release?

Mr Mrdak: If I can get a copy of that release. That was 10 May?

Senator IAN MACDONALD: 10 May 2011, entitled 'Labor's regional nation building agenda'. There is a table in that media release—if I could just get the projects that the

department used to calculate the figures in that table. You obviously need to take that on notice.

Mr Mrdak: We will find that and get that detail for you.

Senator IAN MACDONALD: Yes. It would have to be on notice, obviously. Also, in a press release on the same day, 10 May 2011, under the heading, 'Inland rail finally out of the station', there is \$300 million said to be allocated for inland rail from Melbourne to Brisbane. Can you identify for me where that spending is shown in the budget. How much of that spending is in the forward estimates?

Mr Mrdak: That will be part of the Nation Building Program 2, from 2014-15. I will check, but I think there is an amount of that in 2014-15 and the rest beyond 2014-15.

Senator IAN MACDONALD: The earliest part will be 2014-15? Will that be the \$300 million or—

Mr Mrdak: I will get the exact details as to how much is in 2014-15, but the bulk of it will be beyond 2014-15, so it will not be in the forward estimates. It is a commitment under Nation Building Program 2.

Senator IAN MACDONALD: When do you expect construction might start? Do not say 'the never-never'.

Mr Mrdak: I would not use that phrase. That \$300 million has been identified for the work on detailed planning, geotech studies and, as necessary, land acquisition. I cannot give you an actual construction date at this stage, but I think the minister is certainly envisaging there would be a start to some work in the Nation Building Program 2.

Senator IAN MACDONALD: Hang on. Before getting all fact-specific—

Mr Mrdak: Just to add to my answer, there is \$30 million programmed in 2014-15, which is in the forward estimates of that \$300 million.

Senator IAN MACDONALD: And the rest, hopefully—

Mr Mrdak: The rest will be in nation building 2 beyond 14-15.

Senator IAN MACDONALD: Is that dependent on the mining tax as well?

Mr Mrdak: No, it is not.

Senator IAN MACDONALD: Are there any plans to link that inland railway further on to Gladstone?

Mr Mrdak: At this stage, the proposal is largely focused on the missing pieces of track to Toowoomba. No decisions have been reached in relation to going beyond Toowoomba to Gladstone. At this stage, the inland rail proposal is very much looking to link Brisbane to Melbourne through Toowoomba.

Senator IAN MACDONALD: All right. Senator Colbeck?

Senator COLBECK: I want to go back to some of the discussion we were having a few minutes ago. Will the minister be able to overrule decisions of Infrastructure Australia Council in spending under the Regional Infrastructure Fund?

Mr Mrdak: Infrastructure Australia is an advisory body; the decision-making in relation to all projects remains with the minister.

Senator COLBECK: They will make recommendations effectively to the minister and he will be able to take them up or otherwise in his decision-making capacity as minister?

Mr Mrdak: Infrastructure Australia provides advice to the government. At the end of the day, the decisions on funding particular projects and initiatives are matters for the government, the minister and his colleagues.

Senator COLBECK: Have we not been talking about making Infrastructure Australia more independent and transparent?

Mr Mrdak: Certainly. The budget contains a number of initiatives, such as publishing their cost-benefit analysis of projects and also separating them in a more transparent way from the department to ensure that there is no suggestion that the Infrastructure Australia secretariat is in any way too closely linked with the department, albeit the supporting staff of Infrastructure Australia are sourced from departmental offices. At the same time, Infrastructure Australia publishes transparently; it publishes an annual report to COAG of what they see is the funding priorities and where the various projects are at and which are ready to proceed, in their view. That information is publicly available; it is a matter then for governments, both federal and state, as to which projects they wish to proceed with.

Senator COLBECK: You said that Infrastructure Australia are going to publish their cost-benefit analysis. When will that process commence?

Mr Mrdak: You may wish to put that to Mr Deegan. I do not know whether the Infrastructure Australia Council has yet settled how they are going to undertake that.

Senator COLBECK: You do not know whether they are going to focus on the national priority list or how they determine their work pattern on that?

Mr Mrdak: No, I am sorry. I have not had that discussion at all with the chair of Infrastructure Australia.

Senator COLBECK: Perhaps as part of their independence. We will come back to that. If Infrastructure Australia is only getting a few more staff, how are they going to expand their work, including providing that independent policy advice—as the minister said on 10 May in his release, 'Delivering the Infrastructure Australia needs'?

Mr Mrdak: As part of the statement of expectations letter, the minister has set out what he sees as some of the areas which they should focus attention. That is a rather expansive list of matters. The additional resourcing will enable them to undertake further work. As I said earlier, Infrastructure Australia may have done some thinking at this stage about their resource allocation, but certainly the resourcing is designed to enable them to take on some new areas, particularly around infrastructure financing, which expands work they have already undertaken but gives them additional resources to work in that area.

Senator COLBECK: Can you point out to us where the \$300 million for the inland rail from Melbourne to Brisbane is included in the budget?

Senator IAN MACDONALD: I have just done that.

Senator COLBECK: I missed that. I was focusing on something else.

CHAIR: Senator Colbeck, it is 10.24 am. We have another six minutes and then we will go to the tea break. Infrastructure Australia are coming on.

Senator COLBECK: I do not have anything more on departmental or corporate services.

Proceedings suspended from 10.25 am to 10.41 am
Infrastructure Australia

CHAIR: Welcome, Mr Deegan, from Infrastructure Australia. Did you wish to make a brief opening statement?

Mr Deegan: No, thank you.

Senator IAN MACDONALD: We were talking earlier about the staff in Infrastructure Australia and your set-up following the new arrangements and a little extra money. Perhaps you can start by telling us what is proposed, how you will deal with the change in arrangements and additional staff, where they are going to be, what they are going to be doing et cetera.

Mr Deegan: With the budget statements released by Minister Albanese, the statement of expectations from the government was released as part of that package, as Mr Mrdak indicated, outlining the sorts of activities that the government wanted us to continue with and some new activity in addition to that. As you will be aware from previous discussions of this committee, the National Ports Strategy, National Land Freight Strategy and National Public Transport Strategy have been features of our work. We have been doing a considerable amount of work on drinking water in regional Australia and a range of issues associated with that, the transmission of energy and new demands in that space and the effectiveness of the National Transmission Planner, and some of the arrangements in the energy space. We have also been doing a considerable amount of work on remote infrastructure issues for Indigenous communities. Within that framework, the minister has, in his statement of expectations, asked that we continue with that work and take up an even stronger focus on the opportunities for private sector financing, given the infrastructure demands across the nation.

In terms of our resources, I have six policy staff and a handful of very hardworking administrative staff—a total of 12 people in the office. We are considering, given the extra allocation of budget, what we might take forward. My initial view is not to add too many staff to what we already have. We have a tight unit and they work very hard, but we have a very strong relationship with a range of private sector operators and people working with us that I think we would enhance and support further by using the skills, as we need them, on particular projects, rather than to recruit a broad range of people. That is my current thinking at the moment; we are just working that through at the moment.

Senator IAN MACDONALD: Is that your decision or the department's decision?

Mr Deegan: It is effectively a discussion that I will have with the Infrastructure Australia council as to how we resource the tasks ahead of us, within that budget arrangement.

Senator IAN MACDONALD: So you will employ consultants as you need them for those specific skills?

Mr Deegan: As we need them.

Senator IAN MACDONALD: On Australia's biggest ever infrastructure project, I know you are not doing any work on the NBN itself because you have not been asked and are not likely to be asked. But does any of the work you are doing on infrastructure generally cause you to come into contact with the NBN and make assessments in relation to the extent of the NBN insofar as other projects you are looking at?

Mr Deegan: Certainly we are interested in the possibilities of improved infrastructure delivery with the NBN, some applications in traffic management, water systems and some of the electrical grid connections and how the benefit of the NBN with sharing information at a faster rate might assist in some of the more technical work. You will be aware, I think, that the minister at the table has funded the SMART institute down at the University of Wollongong, dealing with a range of infrastructure issues and research into application, amongst other things, of the National Broadband Network to a range of other infrastructure technologies.

Senator IAN MACDONALD: How are you progressing with the National Freight Strategy and the National Ports Strategy? Are they almost completed?

Mr Deegan: On the National Ports Strategy you may be aware that the Council of Australian Governments agreed in principle to that work and asked the Australian Transport Council to do some further work on the implementation plan. At the meeting of the Australian Transport Council last Friday in Alice Springs they supported the redrafted implementation plan, supported that that go to the Council of Australian Governments, and asked, as part of that process, for a far greater involvement of the states and Northern Territory in the steering committee and arrangements around that, and I think that is a sensible idea. It was a very productive discussion on the National Ports Strategy and we will move forward on that.

A number of jurisdictions have asked that, as part of that work, they bring forward some of the master planning arrangements, particularly in Queensland and Western Australia such as around Townsville, which I will come back and talk to, Abbot Point and some of the other arrangements in and around Brisbane. In Western Australia, of course, there are a number of ports that will need this work and there are some arrangements we might take forward.

Before moving to the National Land Freight Strategy, in terms of Townsville and Mount Isa, we have met with the 14 councils along the rail line, industry people out in Mount Isa, energy providers, water and, indeed, the application of the National Broadband Network—

Senator IAN MACDONALD: I am sorry; can you just go back?

Mr Deegan: To Mount Isa and Townsville?

Senator IAN MACDONALD: Yes.

Mr Deegan: Local, state and Commonwealth governments are working together with industry in the community on a 30-year plan for the development of that full resource area and the application and improvements that will be needed through the port and the supply chain as part of that work. There is tangible evidence already of work underway as part of the National Ports Strategy and I compliment all of those people involved in that.

Senator IAN MACDONALD: When will we see some tangible results of that work?

Mr Deegan: We saw the first cut of the strategy just last week. It is a very well-thought-through piece of work, involving Queensland Rail, the port themselves and others. The next steps will be refining that into what funding options will be required into the future.

Senator IAN MACDONALD: Have you seen that or has it been released publicly?

Mr Deegan: I have seen it, at the moment, as a first cut, a draft document.

Senator IAN MACDONALD: When do you expect it might be available?

Mr Deegan: We are hoping within the next six months. They are doing it on the smell of an oil rag; they are doing a terrific job.

Senator IAN MACDONALD: What about Abbot Point?

Mr Deegan: Abbot Point has a similar process. As you would be aware, there are a range of mines being developed in and around Abbot Point. The connection to and from the port is of vital national importance. We have a range of large players interested in that space—the Clive Palmers, Gina Rineharts and others—and how to best utilise the infrastructure requirements in that area. Again, it is a very challenging task and people are working assiduously at those efforts.

Senator IAN MACDONALD: You may or may not know that I am always very critical of the Queensland government, but one thing that they have done well, I think, is reserve a large track of land around Abbot Point for future development of some sort of industrial minerals processing hub. Are you involved in the ongoing work? Is that part of your Abbot Point strategy?

Mr Deegan: I am pleased to report that we have a very cooperative relationship with the Queensland government. We find their work in this space to be best practice. Abbott Point, Townsville, Mt Isa and some of the work we are doing in Brisbane are very thoughtful, well considered and looking to the long term. We think that is a model that other states could well consider. We are involved in those discussions; we have looked at that state development area around Abbott Point. With the sale process resolved, there will be a lot of activity up in that area and we are working with them on a whole host of issues about where railway lines might move, how that might work and the funding of those.

Senator IAN MACDONALD: When will you be able to tell parliament or the public where you are at with all those sort of things?

Mr Deegan: It would be an ongoing process, so we will keep reporting. We have a public report we make available in June of each year. That goes to the Council of Australian Governments and is released publicly. An important part of our work is to be transparent about the sorts of things we are involved in. We can give an update on each of those regional planning projects for the long term. Similarly, with the National Land Freight Strategy you asked about, submissions are still being received from interested players. We would hope to take a further draft of a national land freight strategy to the Infrastructure Australia Council for their consideration in late July and subsequently would move into the government processes from there.

Senator IAN MACDONALD: Are you familiar with Project Iron Boomerang?

Mr Deegan: Yes.

Senator IAN MACDONALD: Are you doing some work on that?

Mr Deegan: We have done some work on it. I think Mr Mrdak indicated for the next four years that the budget funding for transport is in the order of \$36 billion. Projects like the Iron Boomerang, if they were to be funded by government, would absorb a significant amount of that money. We are charged with providing advice to governments across the country on which projects will give the nation the best bang for the buck. We consider that project in amongst many others.

Senator IAN MACDONALD: This is the project to have some sort of a rail link from the east coast to the west coast and being supported by Ms Rinehart.

Mr Deegan: There are a range of players involved in supporting that proposal.

Senator IAN MACDONALD: I am told the Queensland government has two relatively senior public servants working full time on that. Do you interact with the Queensland government and other governments—particularly Queensland government—in a regular way on the Iron Boomerang project?

Mr Deegan: On most projects we are involved on a regular basis. Dealing with that would be within that package of projects that we are looking at in Queensland and across the nation.

Senator IAN MACDONALD: Are you in a position where you would be starting to look at possible transport pathways across the top of Australia?

Mr Deegan: Not at this stage. I would say that particular project is still in the preliminary stages.

Senator IAN MACDONALD: You are getting support and cooperation from, as well as the Queensland government, the Northern Territory and the West Australian governments?

Mr Deegan: There has not been a lot of involvement at that end as far as we are concerned, because it is still in the preliminary stages.

Senator IAN MACDONALD: It is mainly Queensland, you say.

Mr Deegan: Principally Queensland.

Senator COLBECK: In the broadest perspective of your remit, what is the progress on projects listed as threshold projects in the June 2010 COAG report?

Mr Deegan: We have five stages in our reporting arrangement from early stages right through to ready to proceed. We provide advice on a range of projects to the government. Projects that we recommend to the government are ready to proceed, are well thought through, have had a considerable amount of work on the detail and in our view, should funds be available, would be ready to go ahead. In the threshold capacity there are still a number of projects that we would recommend proceed if funding were available, subject to a range of conditions. That will depend on the particular projects that we have before us.

Senator COLBECK: What about progression of the real potential projects that are listed?

Mr Deegan: Because this is a process that is barely three years old, we are seeking to bring more projects into the pipeline to have a national infrastructure pipeline so both governments and the private sector can consider the best funding mechanisms for projects that display real benefit to the nation. Projects at the potential stage are things where we believe there are some very good ideas and there is the potential for economic gain to the nation, but they may be at a stage of development still requiring further activity and work.

Senator COLBECK: Can you give us any specifics on any of those?

Mr Deegan: Any particular project you might want to ask I am happy to try.

Senator COLBECK: What about the early stage projects?

Mr Deegan: These are projects that have come to us that, on our initial strategic assessment, are worth the proponent and ourselves doing further work on them but are at early

stages and have a lot more work needing to be done before they would get to a ready to proceed category.

Senator COLBECK: I asked the department earlier about the intention that Infrastructure Australia publish cost-benefit analysis of projects. When do you anticipate starting that process?

Mr Deegan: We are considering that at the moment. With our June report we are giving consideration as to what is ready to release this year. That would principally be on projects ready to proceed. To date, we have published the cost benefit figures of projects in the ready-to-proceed category and we are looking to provide further information as part of that process. We do need to consult with the proponents because in some cases there are some commercial-in-confidence issues that we need to be wary of.

Senator COLBECK: Are they going to be published on the basis of the national priority list?

Mr Deegan: That is correct.

Senator COLBECK: In the order of real potential projects?

Mr Deegan: Many of the real potential projects are still working through the detail of the project. In some cases the cost benefit analysis has not been concluded, because they are still working through exactly where the project might go, particular route definitions and some of the costs. They are still working much of that up. Because there are five stages in our process, they move through each stage as they develop. It is principally those projects at the ready-to-proceed end and some of the projects at threshold, where there is detailed cost-benefit analysis undertaken.

Senator COLBECK: The stuff that we are most likely to see are the things that are closer to ready to proceed.

Mr Deegan: That is correct, as you would expect as a matter of logic.

Senator COLBECK: In relation to the Pacific Highway project, have you given any advice to the department in the last six months?

Mr Deegan: We gave advice in our last report to the government—June 2010—about the Pacific Highway. We thought that was a project of national significance and one that was worthy of funding; both the department and the government have taken that advice. We do not have a separate bucket of money. These are decisions that government makes and they have made some announcements about further funding for the Pacific Highway.

Senator COLBECK: I am asking specifically in the last six months. You are saying that you gave some advice in your June 2010 report.

Mr Deegan: Not of any substance other than responding to general inquiries from the department about any particular issues we might have considered.

Senator COLBECK: You cannot give us any sense of what those general inquiry issues were?

Mr Deegan: Just checking detail, numbers, discussions. Because the New South Wales Roads and Traffic Authority are involved and there is a new government, we are just making sure we have got our facts and figures correct for the department—so the technical questions.

Senator COLBECK: Has the development of a new government in New South Wales had any significant impact on the priorities or that particular process?

Mr Deegan: I understand there have been discussions between Commonwealth and state ministers.

Senator COLBECK: How does your involvement apply to that?

Mr Deegan: We simply provide advice on those projects which we think are of national significance. Then it is quite proper that the departments of the Commonwealth and the state, with ministers, are involved in those further discussions.

Senator COLBECK: Effectively, you are providing advice on issues that might be raised and how they might impact on the project?

Mr Deegan: In our first set of work. We have not given any particular advice in the last six months on those details.

Senator COLBECK: There has been no more formal advice since June 2010, when you advised the department the project would cost \$6.67 billion?

Mr Deegan: That is correct.

Senator COLBECK: The Parramatta to Epping railway. Have you received a submission, business case or any other communication request of support for funding between 2007 and 2011 from the New South Wales government for an Epping to Parramatta rail link?

Mr Deegan: We were created in 2008. There was a submission received, I think, in 2010, on the Epping to Parramatta rail link from the New South Wales government. Subsequent to the New South Wales election, I wrote to Premier O'Farrell seeking his advice as to whether he was supporting projects previously submitted by the government or was looking to place new projects before Infrastructure Australia for consideration. It is a process we have undertaken with change of governments in other jurisdictions—Victoria, Western Australia et cetera. It is a standard practice for us to understand if there are new approaches from a new government, which is entirely reasonable.

Senator COLBECK: You are looking to make sure that you are properly across the priorities of the individual states in the considerations of the broader picture.

Mr Deegan: That is right; so we can give the best advice to COAG.

Senator COLBECK: Is the submission received from New South Wales in relation to that publicly available?

Mr Deegan: I think it is publicly available on our website, but I will check for you.

Senator COLBECK: Can you tell me what research, reports or other analysis were utilised to support funding for the Epping to Parramatta rail link?

Mr Deegan: There was a decision taken by the Commonwealth government about the funding of the Parramatta to Epping rail link, independent of our process.

Senator COLBECK: You did not provide them any work to support the process?

Mr Deegan: That was not part of our remit at that stage.

Senator COLBECK: You are not aware of what documentation, reports—

Mr Deegan: We have received a submission, which we are considering. We sought an update from the New South Wales government in a formal sense as to their views of this and other projects. Clearly, there is a lot of media in this space, but we are focused on the information we might have before us.

Senator COLBECK: Have you received a response from the New South Wales government as to their priority for that at this stage?

Mr Deegan: Not at this stage. To be fair to them, they have not been there that long. They are creating Infrastructure New South Wales. We have had a series of meetings with Mr Greiner—another is scheduled for this afternoon, I hope—to discuss this and other projects. We see that as a positive development.

Senator COLBECK: We will move on to the north-west railway then. Have you received any submissions, business case or communications in relation to the Sydney rail link, including the north-west rail link?

Mr Deegan: We received a submission from the previous government on the north-west rail link and, again, in the same fashion, we have sought an update from the current government as to their view on this and other projects.

Senator COLBECK: Did you do any specific work on that particular submission?

Mr Deegan: We are in the process of considering both of those projects.

Senator COLBECK: You would not have any analysis or anything on that ready at this stage.

Mr Deegan: No.

Senator COLBECK: What category would they fall into in relation to—

Mr Deegan: At this stage we would consider them both to be of real potential. These are projects that are potentially of national significance, subject to a lot more work required. By contrast, perhaps, the Cross River Rail project in Brisbane, where there is an enormous amount of work being undertaken by the Queensland government, is well in advance of the north-west rail link project in Sydney; it is the sort of in-depth analysis that we would be looking to.

Senator COLBECK: Those projects again rely on priorities of individual state governments?

Mr Deegan: Yes. Certainly the council has considered how it manages changes in priorities between governments and I think one of the views that Minister Albanese has expressed in his statement of expectations is that we build not just a one-, two- and three-year approach but a one-, two- and three-decade approach to the national infrastructure requirements of the nation. Taking into account the different sensitivities around different governments, as they might move, how do we build a long-term plan around particular projects and still have some flexibility in that space? That is a challenge for us and, indeed, for the electorate, but that is part of our remit.

Senator COLBECK: It seems to be difficult, if you have a continuously-moving feast at a state level, how you try to implement—or conceptualise, to start with, I suppose—design and then implement. Some sort of overall strategic plan becomes slightly problematic.

Mr Deegan: It is a good question, it is one that the Infrastructure Australia council has taken seriously. In the first round of submissions in 2008, we saw nearly a thousand projects with people saying, 'We have the answer,' and the council said, 'But what was the question; what was the problem that we were seeking to resolve?' The council has then sought to undertake a top-down strategic approach in a range of areas. We have made mention of the national ports strategy and the national land freight strategy and we are currently developing a national public transport strategy, so that we can think through, in the longer term, what projects will be needed, what are the systems and service levels that will be required, and how we, as a nation, between the Commonwealth and the states, work more collaboratively on these sorts of solutions rather than just waiting for the pop-up project.

Senator COLBECK: It would be really good if you had some sort of anticipation or capacity to look at—

Mr Deegan: That is what, for example, the national public strategy is doing—it is anticipating out 20 to 30 years. The minister has recently released the national urban policy, which will require, as part of the discussion, that capital cities have plans before they come to seek Commonwealth funding. That is a very important process in this area and will, to some extent, de-politicise some of the project focus. We can hopefully agree on a way forward.

Senator COLBECK: How many of the states have organised transport strategies?

Mr Deegan: Again, they are in different stages of development: Victoria has a well-developed freight strategy; has done a lot of work on its ports. Queensland has, for example, the South East Queensland Infrastructure Plan and Program. Tasmania is well advanced in its work on its infrastructure strategy. I think they have already released some work and there is a lot of work going on behind the scenes. South Australia are particularly well advanced in their work in public transport, freight, port arrangements and their urban city planning. Western Australia have huge challenges because there is so much activity going on there, and we are seeking to support them in that work. Northern Territory are doing some more work on their principal port at Darwin. Again, it is a range of approaches and timing that we are working with them on.

Senator COLBECK: I know that you look at issues in and around ports, but how do you deal with particular issues that might crop up? One that comes to mind is King Island, where there is going to be a significant change in vessels that service the port. In fact, it is almost a perennial problem that every time they change the ship going into King Island they need to do something with the port. It is like having a special bus stop to fit the bus rather than having a multipurpose bus stop, if you want to take it down to that sort of level. I had some discussions with them probably six years ago, saying, 'You realise that the ship servicing you is about halfway through its serviceable life? There is something coming and it is not necessarily going to be able to service you.'

The council at a local level has done some work on that. You are talking about a \$40 million spend to provide the right-sized bus stop, if you like, into the longer term. How does that sort of project and consideration fit into the overall scheme of it? There are 100,000 tonnes of freight a year going on and off King Island.

Mr Deegan: Yes, and because we have not had to date a national approach on dealing with these issues and thinking through increased dimensions of major container ships—the

major container ships in the bigger ports are growing exponentially at the moment. There are big ships being built. Which ports will be able to manage those? What does that do to the road and rail linkages? How do we as a nation take that into account for both container goods and then for bulk iron ore and coal and other issues? At a national level, Prime Minister Gillard released the National Port Strategy in January this year to take on exactly those sorts of issues, start thinking through to the longer term. Part of that port strategy is a 30-year plan around where that fits. I am not familiar with the planning arrangements around King Island, but they are the sorts of issues—

Senator COLBECK: They do not have 30 years unfortunately; they might have a few. It is a real issue for them.

Mr Deegan: Absolutely. It is a real issue in all our ports.

Senator COLBECK: They are talking about going from a 140 metre to 190 metre ship. It is still not going to fit into the port.

Mr Deegan: That is an issue writ large across the nation. What we are trying to do is take a strategic approach on these issues to build that preparedness that has not been in place to date. That is not a criticism of any players in that. We are aware that a number of the major ports do have well-developed master plans, but we need to have those integrated into the road and rail networks to make sure that we can meet that capacity. Particular examples like King Island are always going to be a challenge, but again how do we as a nation deal with that upfront rather than having to deal with it after the event?

Senator COLBECK: You are talking about a population of 1,800 living on the island, but you have got a couple of significant industries there and, as I said, I think it is about 100,000 tonnes of freight on and off the island a year, which I know is probably peanuts in the overall scheme of things, but not to be able to get King Island cheese and beef would be a tragedy for us all.

Mr Deegan: As part of our national economy, we need to take all of those factors into account.

Senator COLBECK: How do you set up the hierarchy of those sorts of processes? You have immediacy, I suppose, as one of your parameters potentially.

Mr Deegan: Yes.

Senator COLBECK: Then you have all of the other scale type issues as well. The activity in Western Australia is obviously an element of that process as well.

Mr Deegan: Immediacy, different interest groups, the capacity to link in Sydney and Melbourne, the congestion issues around road and rail, and challenges of funding in each of those arrangements. As you indicate, Western Australia has huge challenges ahead of it with an immediacy that things need to happen quickly. From the Infrastructure Australia council point of view, a key focus of our report in June will be we need to get on with a few things. Given the collective funding position of our parliaments about not wanting to raise debt, how are we as a nation going to deal with those difficult issues? They are genuine issues that we would hope the parliament would consider and take a view.

Senator COLBECK: This comes back to the establishment of the National Infrastructure Schedule, does it?

Mr Deegan: It certainly does.

Senator COLBECK: What process do you go through to access that? The state plans would be a key feature of that. Then getting prioritisation within that process is important as well.

Mr Deegan: State plans and then the Commonwealth frankly taking the challenge forward of building a National Infrastructure Plan. We have elements of that in port and freight, in public transport, a lot of work in the energy space and water, so that there is an overarching plan for the nation. The cities work has been undertaken so that a whole lot of projects will drop out of that. In the longer term, for example, do we standard gauge rail from Perth to Bunbury? What might we do from Kalgoorlie to the Pilbara? Is that worthy of standard gauge rail into the future? Do we need standard gauge rail in to the Gold Coast, standard gauge potentially back up through the Queensland main line; the sorts of gauge issues and others that have plagued us for many years. Added to that, as Mr Mrdak indicated earlier, these national regulatory reforms so that we have one seamless economy will make enormous benefit to the way our operators can live and work.

Senator COLBECK: I will stick to one more parochial project—and I am sure the others will follow my lead—and that relates to the Midland Highway in Tasmania. What discussions have you had in relation to that as part of your interactions with the Tasmanian government on its infrastructure needs?

Mr Deegan: We are having a series of discussions with the Tasmanian government at the premier level. I met with the minister for transport in Tasmania last week—a series of discussions on that and other projects that we have been asked to have a look at. Part of the challenge in that particular project is how that might rank against other priorities and given the traffic flows that are on the road. They are the issues we deal with every day.

Senator COLBECK: Your future proofing, if you like, as part of that project, would that be a part of those considerations?

Mr Deegan: It is part of the National Land Freight Strategy. The road and rail connections in Tasmania are a very important part of how they then move product to and from the mainland and elsewhere. That is why we have been asked to look at a national approach that has not been in existence previously.

Senator COLBECK: The work that you are doing with the Tasmanian government on that particular project is looking to scale of project timeframes and in alignment with future demand and what might be sitting alongside it with respect to rail and port.

Mr Deegan: Indeed.

Senator COLBECK: Are those conversations around the context of a need to do some additional work to upgrade that particular road?

Mr Deegan: The Tasmanian government is very active in this space and both Mr Mrdak and I feel the pressure from our colleagues in Tasmania daily.

Senator COLBECK: It is a relatively warm issue down there.

Mr Deegan: Yes.

Senator COLBECK: I hope I am not understating it too much. I could almost say hot. What are the constraints around the project from your perspective?

Mr Deegan: We are still working with the Tasmanian government on how that might fit into the National Land Freight Strategy, and the availability of funding. I go back to Mr Mrdak indicating that the current forward estimates are \$36 billion over four years. We have already \$300 billion to \$400 billion worth of projects seeking funding.

Senator COLBECK: You do not have a problem with demand then.

Mr Deegan: There is not an issue with demand. There might be an issue with managing demand, but that is a matter for the parliament.

Senator COLBECK: You have got \$2.5 million more than you had last year for your budget.

Mr Deegan: We do appreciate the bipartisan support for our body.

Senator IAN MACDONALD: Can I interpose while Mr Colbeck is looking at some of his notes? I do have to leave so I can go to another one, which is why I am doing this. The Mayor of Rockhampton recently made a speech launching his local investment brief. His speech was littered with complaints of the current government about lack of any infrastructure in the Rockhampton area as opposed to Gladstone and Mackay, if you class Mackay as Central Queensland. Are you doing any work in relation to the Rockhampton region at all with infrastructure projects? I know the council has put up a lot of submissions to government, I assume in recent years, but there is a complaint about very little activity there. Are you doing any work in that?

Mr Deegan: I am not familiar with the particular newsletter. It is fair to say that the Rockhampton Regional Council is one of the best prepared councils across the nation in terms of preparing submissions to Infrastructure Australia. That one of their staff used to work for us might be part of that. We have met with the mayor on a number of occasions in Rockhampton on both road and rail issues, road bypass, flood proofing and other issues. Clearly there are very big challenges both for the council, the state and the Commonwealth. Part of the discussion we have been seeking to have in the region—and we have a further meeting in Mackay shortly—is how Mackay, Gladstone and Rockhampton might work together more collaboratively on the challenges that are before them, particularly because of its importance as a resource area, both through the further development of Gladstone Port and the future development of Port Alma and the opportunities both for mining resources, cattle and other products through that whole region. We think there is a way ahead. I am pleased to say that we have a very healthy working relationship with the Rockhampton Regional Council, and it is a model we would hope to support in other parts of the country.

Senator IAN MACDONALD: Yes. I will pass that on to the council. The mayor said in his speech:

Rather than providing support for managing growth, our recent Federal budget has labelled this Region as one of the most welfare-dependent communities in Australia and has neglected the needs of critical infrastructure investment required for the Region.

I hear what you say about encouraging those cities to work together, which again is sensible, and I point out that both Gladstone and Mackay seem to be doing pretty well. Are you working on any specific infrastructure project for the Rockhampton region, for example, the Yeppen Crossing? Is that something that you are looking at or is that something that comes out of Nation Building?

Mr Mrdak: It is more one for the department at this stage. The minister was in Rockhampton last week and announced the commitment of \$40 million to one particular project, the Yeppen roundabout and bridge upgrade, which is one project, and also the Yeppen floodplain study, which is now out for public consultation. It contains three options for future highway alignment and flood proofing, and it is now underway. If I can comment on the mayor's comments there, I think the minister's statement last week in relation to the Yeppen roundabout is testimony to the government's commitment to the Rockhampton region. I do not think the minister would share the views of the mayor in any way.

Senator Carr: In contrast to what he has done, perhaps you can enlighten us on what was done under your administration.

Senator IAN MACDONALD: Curiously, the mayor's speech is dated 19 May 2011, so perhaps it has been strategically done. I am not sure on what date the minister was there.

Mr Mrdak: I think the minister was there on the 18th.

Senator IAN MACDONALD: The speech was delivered on the 19th, so apparently the mayor was not terribly fussed by what he said. His speech goes on into other areas, but that was the bit about infrastructure that he did mention. I used the Yeppen Crossing as an example, which Mr Mrdak has rightly answered, but are there other projects that your organisation is looking at?

Mr Deegan: Some of the road and rail projects, and as Mr Mrdak indicated, the flood study will be an important part of what the art of the possible may be around future road projects. We have engaged very heavily with the Rockhampton Council on a range of projects and a long-term strategic view of some of those arrangements, particularly with Defence—with the operations out on the coast and the potential for how that might be better developed and the infrastructure to go with that.

Senator IAN MACDONALD: Yes, which is a very important part of the Rockhampton economy.

Mr Deegan: A very important part.

Senator IAN MACDONALD: Are you looking at Port Alma at all?

Mr Deegan: Yes. We have looked at that. As part of the National Ports Strategy, I think Minister Albanese has been meeting with the Gladstone Ports Corporation which is charged with that particular project. It is looking again for the long-term development of that, the potential impacts and opportunities for Rockhampton in that discussion, as well the whole area through Mackay and Gladstone.

Senator IAN MACDONALD: Yes. It is, as you rightly say, part of the Gladstone Port Authority, curiously, and any development there would seem to me to be focused, channelled or funnelled through Gladstone rather than Rockhampton.

Mr Deegan: There is that collaborative model and the water pipeline that Gladstone may need. I sense a great deal of goodwill in that discussion in the region about working more collaboratively in that area, and I am meeting in Mackay with those players again early next month to see if we can progress that work.

Senator BACK: Mr Deegan, in relation to Western Australia, perhaps geographically, could we start in the north and move around the coast? In the light of the budget, are there any changes or updates that you can give me, starting with Ord stage 2 at Kununurra?

Mr Deegan: I am not involved in Ord stage 2; Mr Mrdak might be able to respond to that.

Mr Mrdak: That is a project being managed by the Department of Regional Australia; that is no longer within this portfolio, I am sorry.

Senator BACK: Does James Price Point, north of Broome, come into your remit or will it?

Mr Deegan: To the extent of the national port planning and the freight connections, that is part of what we are involved in with the Department of Resources and Energy, as with a number of those other major port developments all the way down the coast.

Senator BACK: It is not yet on the radar, dollars-wise?

Mr Deegan: I think there have been some discussions about funding, but I would have to come back to you on that in detail.

Senator BACK: I would appreciate it if you could take that on notice. With regard to the Pilbara, I see that you visited the Pilbara in October-November 2010?

Mr Deegan: That is right; a couple of my senior staff went. We had the pleasure of Michael Stutchbury from the *Australian* joining us; we thought that was a story worth telling—about the Pilbara, not about us—and we were fortunate to meet with the—

Senator BACK: I am sure that a story about yourselves would have been equally as impressive, but perhaps not in dollar terms.

Mr Deegan: We were not seeking that.

Senator BACK: I realise that.

Mr Deegan: As public servants that is not our role. We were fortunate to meet with most of the Western Australian cabinet at the same time and with captains of industry who were meeting with the cabinet also. It was a very productive discussion around the future of the Pilbara.

Senator BACK: Had you visited that region before?

Mr Deegan: Many times.

Senator BACK: Yes, so you know it well?

Mr Deegan: I would like to know it better, but I think I know it reasonably well.

Senator BACK: Yes. We would all like the time to know it better, of course. Starting with Port Hedland, moving upwards from 180 million tonnes per annum of iron ore, their projection is up to 495 million tonnes. It is already the biggest bulk port in the world, and obviously the biggest bulk iron ore port in the world. Regarding your agency's contribution to that process—I realise the outer harbour development will be private sector investment—where do you see Infrastructure Australia's involvement?

Mr Deegan: As part of the National Port Strategy for the major ports of Port Hedland and the other major iron ore ports is to make sure that we have an integrated approach to those developments, so water and energy are considered as well as the road and rail connections, and the demand figures and the forecasts. We will try to get a very firm handle on exactly

what contribution governments may need to make and where that would be appropriate. You will be aware that the government announced the appointment of Councillor Lockwood from the Roebourne Shire Council to the Infrastructure Australia Council.

Senator BACK: I was aware of that, yes.

Mr Deegan: That is a very clear indication of the importance of that area to our thinking and to the national thinking.

Senator BACK: Yes. In the budget and in the out-years of the budget, can you indicate where the expenditure will be and what level of expenditure is anticipated?

Mr Deegan: We would hope that in the further planning work that we are doing with the Western Australian government around that port, we will be able to delineate future funding needs in the next 12 months or so. Those numbers are yet to be worked through. There have been some discussions with Minister Grylls around his Pilbara Cities project, and how all of that links together as part of our work. We will have a very large focus on that and other similar projects around the nation in the next couple of years.

Senator BACK: In terms of Pilbara Cities would you be looking to the state to be making the contribution for housing, power and water or are you looking at it as an overall integrated Pilbara?

Mr Deegan: We are looking at an overall integrated approach, which is an approach that Minister Grylls has sought with Minister Albanese and others about a partnership in the Pilbara, given its importance to the nation.

Senator BACK: Yes. If I recall what you just said, you would anticipate that it would perhaps be some time later this year that we would see—

Mr Deegan: Possibly later this year or early next year—there is a lot of work underway. I think with the presence of Councillor Lockwood, we will be getting a hurry-up in that area as well.

Senator BACK: I would tend to agree with that. Councillor Lockwood has certainly been a catalyst in that shire. You would have seen some of the evidence of the preparations for \$180 billion of new resource projects committed in the region. Did you have an opportunity to look at Pluto?

Mr Deegan: We had a look at Pluto and a range of other projects in both the Port Hedland and Karratha areas—a very exciting part of the nation; very busy, with a lot of activity. We are working closely, as part of an integrated Pilbara approach, with the WA government, other Commonwealth agencies and with local government on how we take all of that area forward.

Senator BACK: If I can then go a little further south of Port Hedland, there is the new proposed Anketell port. Is that part of the Cape Lambert port development or is it further north than Cape Lambert?

Mr Deegan: I will have to get the map out to double check, but we are certainly familiar with both of those discussions.

Senator BACK: I think it is also planned to be a 350 million tonne per annum port when completed. Is that included within the Pilbara regional program you are talking about?

Mr Deegan: What we have been asking governments, and the WA government in particular as they are planning for their ports, is: how does the Commonwealth support that? The principles around the National Ports Strategy are around making sure there is a collaborative approach in both those areas so that if there are future road or rail networks, or other activity—water, power and others—that may need government involvement, how is that best addressed and worked through together, rather than leaving it until the end of the project. Similar discussions are around the development of Oakajee—how that might play through.

Senator BACK: We will get to Oakajee.

Mr Deegan: You are also aware that the WA government is currently having its own review of its port operations and planning through Minister Buswell.

Senator BACK: I am well aware of that, yes. We have spoken about oil and gas to date, except for James Price Point, which is in the future, but there are the iron ore activities. Needless to say, Western Australia enjoys the royalties from that. When it comes to offshore oil and gas, particularly the new Gorgon field at Barrow Island and beyond, out into the Carnarvon basin, I think you would have well appreciated the need for onshore infrastructure that will yield to Australia the sorts of royalties that will come from the oil and gas activity. Did you have a chance to look at the Onslow site?

Mr Deegan: We did not get to Onslow on that trip, but, as part of our work on the National Land Freight Strategy, in our draft work we said that the potential for extending the national highway to Onslow needs to be considered. That would bring a funding requirement as part of that. That document is still in its draft form, but we have met with Chevron a couple of times about a range of issues that they have down in Onslow. It is a very large development for a very small town.

Senator BACK: Exactly.

Mr Deegan: There are one or two geographic issues—flooding and other things, and the position of the airport. They are clearly seeking to resolve some of the detail.

Senator BACK: Yet they have fast-tracked Wheatstone, so obviously they see that as being on their horizon in the near future. Coming to the midwest, you mentioned Oakajee. I am aware that the Oakajee port and rail are still to come forward with their final nomination for a bankable project. My recollection is that it was an equal contribution for port development from the Commonwealth government and the state. Is that correct?

Mr Deegan: That is correct.

Senator BACK: How much is that sum?

Mr Deegan: I think it is \$339 million.

Mr Mrdak: It is \$339 million.

Senator BACK: From each—the Commonwealth and the state?

Mr Deegan: Subject to Infrastructure Australia's advice.

Senator BACK: Those funds are already committed?

Mr Mrdak: They are funded out of the Building Australia Fund and are available subject to Infrastructure Australia providing its analysis and advice to the government.

Senator BACK: If we go inland, in the midwest, magnetite is the next big story in terms of iron ore. Have you yet any view on whether you think the Commonwealth government will be able or be asked to make a contribution to infrastructure development, particularly road or rail, other than Oakajee, which is already well understood?

Mr Deegan: The Department of Resources, Energy and Tourism are dealing principally with the development of some of these infrastructure developments in that space. I was at a meeting yesterday where a number of the councils have also raised the need for better resources in the energy space, particularly if they are doing transformational work on the magnetite, and the energy requirements are part of that. I know the Western Australian government have done a lot of thinking and planning in that area, and we have been more heavily drawn into those discussions through Minister Ferguson.

Senator BACK: Some iron ore is being exported out of Geraldton, but magnetite will not really get underway in the midwest unless or until we sort out the port development. Speaking of magnetite, did you have a look at the CITIC Pacific Project at Cape Preston?

Mr Deegan: I did not get an opportunity to, but I know Mr Stutchbury did get the helicopter lift to go and look at that project.

Senator BACK: Next time you are there you will have to have a look at it.

Mr Deegan: Indeed.

Senator BACK: Regarding the goldfields: you just mentioned the road infrastructure from Kalgoorlie North into the midwest. Could you expand on your understanding of those needs?

Mr Deegan: There is certainly discussion underway, as there has been for a while, about the capacity or interest in the creation of intermodal facilities at Kalgoorlie, connections to the rail line to Perth, and road connections at this stage to Meekatharra and elsewhere. We are party to some of those discussions at the moment.

Senator BACK: You are engaged in those discussions.

Mr Deegan: Yes. Doug Gould, who used to own one of the big transport companies at Kalgoorlie, has done a lot of work in that intermodal space and reminds me constantly of the needs for that particular issue.

Senator BACK: I will remind him to keep prompting you. We will go down further, within the metropolitan area. We spoke about the Gateway Project earlier today. The Northbridge Link is a project which I understand is already underway and has got some Commonwealth contribution—50:50, again, I think?

Mr Deegan: That is my understanding. Our role in that project was to provide advice. We thought that was of national significance and we recommended it for funding. The department then takes over the delivery arm of that work.

Senator BACK: Commonwealth funds are locked in there, Mr Mrdak?

Mr Mrdak: Yes, they are. That project is underway. Successful contractors have been announced and work is underway.

Senator BACK: I go to the port of Bunbury. There has obviously been significant expenditure in terms of access to the port, but we are now looking at further port expansion.

Can you indicate to me what role the Commonwealth may have or what you have been approached to be involved with in the expansion of the port of Bunbury?

Mr Deegan: Last week, at the Australian Transport Council meeting, Western Australian government officials approached me about the further master planning of the development of the port of Bunbury—the demands that are being placed on that port, particularly for energy resources going in and out; some tourist boat issues; a host of issues around some of the other services supplied in and out of that port; a long-term planning framework; and the environmental approvals that will be required on a complex project, particularly if the river is to be moved. We have had many meetings with the port of Bunbury and the other industry players there. Officials have asked that we get more heavily involved in that master planning approach that is part of our National Ports Strategy.

Senator BACK: Would that require upgrade of the rail from Collie to Bunbury?

Mr Deegan: There is talk of both the rail and the road works. You would be aware of the port roads that have been considered there. The Commonwealth funded some of those already. We have been having discussions with Westnet and others around the rail issues. I have been out on that railway line and have seen some of the challenges that they have in that space. There is an opportunity for the private sector to fund a lot of that as well.

Senator BACK: That is correct. Perhaps on notice, or you could point me to where I can find this on your website, could I get the details of the commitments?

Mr Deegan: I will take that on notice.

Senator BACK: If you could do that I would be appreciative. In fact, in terms of iron ore, only the other day we found the transport minister in Western Australia saying that there would not be a temporary exporting of iron ore out of the port of Fremantle. We now have a couple of projects that are on hold. I come around to the port of Albany, and we are nearly at Esperance. Can you tell me what, if anything, Infrastructure Australia is involved with in addressing issues at the port of Albany?

Mr Deegan: The port of Albany, with all the other ports in the country, has been, through their peak body, Ports Australia, very supportive of the National Ports Strategy. That strategy outlines a series of activities that the ports have already done, which, in our view, should be now made transparent, and then it works through the opportunities around that master planning. We have had some discussions of a preliminary nature with the port of Albany about some of their requirements, but, again, that is at a much earlier stage than some of the other big ports that we are trying to deal with at the moment.

Senator BACK: In some ways the demands at the Port of Esperance now have a higher priority given the fact that a lot of the Goldfields region—in particular, iron ore producers—are being held up by their inability to export product. It is not just the port activity, but also the approaches, both road and rail. Are you familiar with those challenges?

Mr Deegan: Yes. We have met with some of the miners in that area about some of the environmental issues that have been associated with those developments. One of the missing links in our nation is that a lot of the ports are being developed without a comprehensive view of the road and rail upgrades that are needed. Collectively, we and the department are very focused on making sure that those gaps are repaired right around the nation. Esperance is just one of many examples.

Senator BACK: There is nothing in the budget forward estimates from your agency's viewpoint for expenditure in that area?

Mr Deegan: Not at this stage but we are working closely with the WA government. I keep coming back to the fact that the expectations of the taxpayer to fund a range of these projects will in turn require a greater commitment from the private sector. We are seeking to make sure that those short-, medium- and long-term needs are properly thought through so that, if the money is spent, it is spent in the right place and at the right time.

Senator BACK: I concur with that. Thank you for that summary, I appreciate it.

Senator HUMPHRIES: I want to ask about one of the projects reported in Infrastructure Australia's report of June 2010. Under 'Getting the fundamentals right for Australia's infrastructure priorities,' there is a reference to the link between the Federal Highway, the Monaro Highway and the Majura Parkway in the ACT. This project has a benefit-cost ratio of four. Could you explain to me how that proposal ranks with Infrastructure Australia with respect to equivalent projects in the national freight network.?

Mr Deegan: The Majura Parkway is a project we have recommended as ready to proceed. Our advice is conveyed to government. Governments make the decision about those funding issues. It ranks highly on our list of projects for the national freight network.

Senator HUMPHRIES: Infrastructure Australia is not involved in the negotiations that might occur between proponent governments and the federal government with respect to the funding of these projects?

Mr Deegan: We provide advice as to those projects we think are of national significance. The Commonwealth government and the ACT government would have further discussions from there.

Senator HUMPHRIES: At one point the project was described in the media as having the highest benefit-cost ratio of any project that Infrastructure Australia considered. Is that an exaggeration?

Mr Deegan: There are a number of projects with higher benefit-cost ratios that we are recommending to the government.

Senator HUMPHRIES: I see that the ACT government has put up \$144 million in the most recent ACT budget. You describe the project in this document from June last year as being worth \$220 million in capital expenditure. I gather that the cost has blown out a little bit since then. I understand that the ACT government has put up \$144 million in its most recent budget on the basis that the Commonwealth has agreed to put up the other \$144 million to finish the project from 2014 after the Commonwealth budget returns to surplus. It seemed like a very unusual basis on which to proceed with a capital project—funded in the expectation or hope that another government will fund it. Is that an approach which is commonly used for funding major infrastructure projects as far as Infrastructure Australia or the department are concerned?

Mr Mrdak: It is not unusual. There are occasions when states and territories decide to make allocations on projects and then seek federal contribution. Normally we have a longer-term five-year program which sets out our allocations, but obviously in this situation the ACT government is looking to a future Australian government contribution. At this stage

discussions are continuing with the ACT government in relation to that project. There is no budget allocation at this point for that project.

Senator HUMPHRIES: If the ACT begins to build the road, and ultimately agreement cannot be reached with the Commonwealth, either the ACT finds the other \$144 million to finish it or the road does not get completed. Is that a reasonable assumption?

Mr Mrdak: That is correct. If there was no Commonwealth commitment of funding, then the ACT government would have to reach one of those two judgements: to either fund it themselves or cease the work at that point—unless they were able to get a contribution from, say, the New South Wales government for the portion outside the ACT, but I think at this stage the ACT sees that very much as an ACT responsibility.

Senator HUMPHRIES: You say there are other projects where funding effectively is committed and work begins before a Commonwealth commitment is made to take a share in the cost of the development.

Mr Mrdak: From memory, this is the situation in the current program. But, certainly in the past, state governments have started some projects or done sections of projects and then looked for Commonwealth contributions to complete further stages.

Mr Jagers: Jurisdictions will often undertake planning and alignment work and sometimes acquisition of land prior to seeking a Commonwealth contribution.

Senator HUMPHRIES: Do they start building when the project is dependent on Commonwealth funding and they have not obtained that approval?

Mr Mrdak: Where they are at discrete stages I think there have been situations like that. I am happy to take that on notice.

Senator HUMPHRIES: I would be interested in any other projects where this approach has been adopted where effectively one government commits money in its budget—for a jurisdiction the size of the ACT, a very substantial amount of money—to begin work on a road when there is at this point, I take it, no commitment on the part of the Commonwealth to assist with the cost of building that road.

Mr Mrdak: That is correct. We would be happy to take it on notice to find out whether there are other examples like that.

Senator WILLIAMS: Mr Deegan, have there been any changes to how Infrastructure Australia is located within the department?

Mr Deegan: The announcement in the budget simply sought to reinforce our independence in the process. It is set out in the minister's statement of expectations addressed to Sir Rod Eddington as Chair of the Infrastructure Australia Council. That letter was released as part of the budget papers.

Senator WILLIAMS: Does it still report through the same channels?

Mr Deegan: Yes.

Senator WILLIAMS: What steps are the department taking to make Infrastructure Australia more independent?

Mr Deegan: We are having a discussion with the department about some of the funding arrangements at the moment. We seek to resolve those shortly.

Senator WILLIAMS: About some of the funding arrangements—can you explain that in a bit more detail?

Mr Deegan: At the moment, the allocation comes through the department. It is just again a matter of making sure that the principles of independence are resolved.

Senator WILLIAMS: You are hinting that the funding goes straight to Infrastructure Australia, not through the department?

Mr Deegan: There are some discussions about how that mechanism might work. Apart from my position, the staff are all members of the department. It is just about having a workable arrangement in that space.

Senator WILLIAMS: How many extra staff will Infrastructure Australia have as a result of the extra \$36 billion it has been allocated over the forward estimates?

Mr Deegan: I think it is \$36 million. If we had \$36 billion it might be a different story, but thank you for your generosity.

Senator WILLIAMS: Sorry, \$36 million.

Mr Deegan: We would be happy to have you as the minister for finance! As I indicated to senators earlier, we are considering our strategic plan over the next four years. It is unlikely that we will add many staff. We will continue to use consultants, where needed, on an expertise basis.

Senator WILLIAMS: A lot of the \$36 million will be for consultants?

Mr Deegan: Yes, specialist advice in particular areas.

Senator WILLIAMS: Do governments need to apply again for projects to be included on the National Infrastructure Construction Schedule?

Mr Deegan: No, they do not need to reapply. The department will be building the National Infrastructure Construction Schedule. At the moment on our website we link the Commonwealth budget statements and infrastructure space to those of state agencies. The next step will be to use some of the private sector material available on infrastructure projects that the private sector are funding. There is a one-stop view of the short-, medium- and long-term infrastructure schedule so that private sector investors can see what they might consider investing in.

Senator WILLIAMS: Will the schedule draw on projects which are on the National Priority List?

Mr Deegan: Yes, they will.

Senator WILLIAMS: How much detail will the schedule give in terms of timing of projects?

Mr Deegan: We will be working with the department in that space. It is anticipated that there will be as much detail as is appropriate so that investors can consider what they might take a position in.

Mr Mrdak: What the government is seeking to do, as Mr Deegan outlines, is to provide for the first time a comprehensive picture of all of the investment programs across the jurisdictions in Australia in a way which shows commitments by government, both capital commitments and also where planning work is underway. We do envisage providing time

frames in that in terms of when they anticipate moving from planning into starts of construction and completion time frames. The idea is to provide an easily accessible schedule so that people both overseas and in Australia can see the commitments that are sitting across all levels of government for infrastructure investment over a four- or five-year period.

Senator WILLIAMS: The budget overview states that Infrastructure Australia will publish cost-benefit analyses of projects. When will you start to publish these?

Mr Deegan: I am in a difficult position. I have already answered a number of these questions. I am happy to do it again, but in terms of time—

Senator Carr: There has got to be a limit on all our patience.

Senator WILLIAMS: If it has already been asked, that is fine.

ACTING CHAIR: Let's proceed as we are.

Senator Carr: How many times do we have to have the same question asked?

ACTING CHAIR: Sometimes we all make that mistake.

Senator WILLIAMS: It is freedom of speech, isn't it, Minister, or do you have to gag us? What is the story?

Senator Carr: I could not possibly do that.

ACTING CHAIR: You are getting the chair's protection, Senator Williams.

Senator WILLIAMS: I have completed my last question, thank you.

ACTING CHAIR: Thank you very much. Are there any further questions of Infrastructure Australia? If not, I thank Mr Deegan for his appearance today.

Department of Infrastructure and Transport

[11:52]

ACTING CHAIR: We will move to nation building and infrastructure investment.

Senator COLBECK: Is the current uncommitted balance for the Building Australia Fund still \$1,181.1 million?

Mr Jagers: I understand the uncommitted balance is \$1.516 billion. That is at 31 March, from the data that I have in front of me.

Senator COLBECK: That is \$400 million extra than the figure that I have given you, or something of that nature—\$350 million. I will have to get some more advice on that. According to the economic stimulus plan, as of 31 January seven Black Spot projects were uncompleted. Can you give us advice on whether that is accurate or not?

Mr Jagers: Yes. Under the economic stimulus plan, there were 605 Black Spot projects. Now 604 of those projects have been completed.

Senator COLBECK: Who is the unlucky one?

Mr Jagers: The final project is due to be completed this month. I might ask Mr Foulds if he knows details of that project.

Mr Foulds: The remaining ESP project is the installation of safety barriers and removal of roadside hazards on a section of the Mitchell Freeway in Perth.

Senator COLBECK: When is that due for completion?

Mr Foulds: It is due for completion this month.

Senator COLBECK: There are no known impediments to that occurring?

Mr Foulds: I am unaware of any.

Senator COLBECK: According to the stimulus plan, there were 17 rail projects as at 31 January. Two had not started and four were still under construction. Can you give us an update on those?

Mr Jagers: There were, as you said, 17 rail projects funded through the economic stimulus plan. Of those 17 projects, 11 have been completed and four are under construction. In addition to the four under construction, there is a further project, which is the Advanced Train Management System, and that is underway. That is not a construction project but it is underway.

Senator COLBECK: That is a management system rather than a construction project?

Mr Jagers: Correct.

Mr Mrdak: It is a communications system rather than a rail sector.

Mr Jagers: So there are 11 completed and five essentially under construction or underway. The final project is in planning, which is the Hunter Valley Liverpool Range new rail alignment project.

Senator COLBECK: What is the status of that?

Mr Jagers: I understand that project is in planning at the moment.

Mr Mrdak: The Australian Rail Track Corporation has recently announced its preferred option, which has been agreed with the mining industry, which is a duplication of the existing alignment, removing some of the grade impediments on that line. My understanding is that is now proceeding to the detailed planning stage, with a view to starting construction, I think, later this year.

Mr Wood: The Australian Rail Track Corporation commenced scoping works for that in July 2008. The commencement of that program will happen with the construction of two passing loops. The announcement of the alignment occurred on 29 May this year. If you can just bear with me, I will see if I can confirm the detail of that starting time. Work is underway on the planning approvals for those two loops, which is the first stage of that alignment project.

Senator COLBECK: Are there any targeted time frames to complete all this expenditure?

Mr Wood: Yes. As Mr Jagers explained, 11 of the 17 projects have already completed.

Senator COLBECK: I understand that.

Mr Jagers: With the design of the stimulus, there are a number of projects. There was immediate stimulus, which was in the form of cash payments, there were a number of building and construction projects which were very short-term projects that could commence straightaway, and there was the third plank, which was a number of medium-term rail and road projects and social housing projects that were to support the economy over a period of time. The road and rail projects were essentially bringing money forward to get that work started but would be ongoing for some period of time.

Senator COLBECK: I understand the background of that but I am interested in the parameters around those things and whether we are meeting the deadlines that we are setting ourselves—that is all.

Mr Wood: I will go through the outstanding projects. The Minimba to Maitland third rail project has a scheduled completion date of March 2013.

Senator COLBECK: Is it running to schedule?

Mr Wood: I believe so. The Ulan line passing loops and duplication is scheduled to complete in December this year. The Melbourne to Adelaide extended loops is an agglomeration of seven separate passing loops, and six of those have been completed. The final one, in Ambleside in the Adelaide Hills, has only just received planning approval this week. It is scheduled for December but planning approval has only been received from South Australian planning authorities this week, so I think there has been some delay in the planning approval. I am not yet aware if there is a delay in the delivery. It is the seventh of seven passing loops; the other six have already been completed.

Senator COLBECK: Are you aware of the construction time frame proposed for that project?

Mr Wood: It is expected to be completed by December 2011. When the Australian Rail Track Corporation appears later in the estimates, they may be able to update you if there is a more recent update on that, but the information we have is December 2011. The Melbourne to Junee passing loops is scheduled for completion in June this year, and the Advanced Train Management System, which is the communications project that was referred to earlier, has a scheduled completion of January 2012. Finally, the Hunter Valley-Liverpool Range new rail alignment has a scheduled completion of mid-2014.

Senator COLBECK: Let's go on to the road projects under the plan. As of 31 January, of the 14 projects, 12 were still under construction.

Mr Jagers: Yes. Of the 14 road projects, two have been completed. The funding was brought forward for each of the projects. Two are complete: the Northern Expressway in South Australia and the Mandurah Entrance Road in Western Australia. The other 12 projects: in New South Wales, there is the Pacific Highway, Banora Point upgrade. That has an expected completion of mid-2012; the Pacific Highway at Bulahdelah, construction is underway with an expected completion of late 2012; the Hume Highway, Tarcutta bypass, under construction, with an expected completion of late 2011; the Hume Highway at Woomargama bypass is under construction, with an expected completion in late 2012. There is also the Goulburn Valley Highway, Nagambie bypass, in Victoria, which is under construction, with a completion of mid-2012. The Princes Highway East, which is the Traralgon to Sale area, commenced construction and is expected to complete in mid-2016. The Western Ring Road upgrade is under construction and is expected to complete in early 2014. The Western Highway, Anthony's Cutting Realignment, has commenced construction and is expected to complete by mid-2012.

We also have the Ipswich Motorway upgrade, Dinmore to Goodna, which is under construction and expected to complete in late 2012. The Douglas Arterial duplication is under construction and expected to complete in early 2013. The Pacific Motorway, Springwood South to Daisy Hill, is under construction and is expected to complete in mid-2012. I have

mentioned the Northern Expressway already, which is completed, and the Mandurah Entrance Road. The other project is the Brighton Bypass, which is under construction, with an expected completion in mid to late 2012.

Senator COLBECK: Are there any particular issues with any of those projects that might delay those projected completion dates?

Mr Jagers: There are probably two projects where there is potential for delay. One is the Princes Highway project in Victoria. Some funding has been moved back to allow for funding to be put towards the floods package in Queensland; and the other project is the Brighton Bypass in Tasmania, where there have been some changes in bridge-design arrangements. That has the potential for some delay but is now moving ahead.

Senator COLBECK: I am aware that that is back under construction again. Are you still looking at mid to late 2012 for that? Now that it has started, you have probably got a better sense of time frames on it.

Mr Mrdak: We are still hopeful that we can meet the time frame that has been set out—now that, as you say, the work is underway. There remains some concern by segments of the community but, now the project is up and running, we hope to be able to complete by the time frame. Just to add to Mr Jagers' earlier answer, the Traralgon to Sale project has also been delayed, largely owing to it being deemed a control action under the Environmental Protection and Biodiversity Conservation Act, which has meant that it has required further environmental assessment. That has provided the basis on which the Commonwealth has then decided to shift some of that money, to rephrase some of that money, to flood recovery—not as the primary reason but largely because the project was going to be slightly delayed by the environmental assessment process.

Senator COLBECK: This is the Princes Highway project?

Mr Mrdak: Princes Highway East, that is right. The expected completion date has changed, largely as a result of the unforeseen requirement to a controlled action under the Environmental Assessment Act.

Senator COLBECK: Is that delay still open-ended at this stage? Do we have a timeframe around the assessment process under the EPIC Act?

Mr Mrdak: We are indicating that, at this stage, based on what we know of the environmental matters, it is probably a 12- to 18-month delay. That is what the Victorians are anticipating.

Senator COLBECK: What are the particular issues that we are talking about there?

Mr Mrdak: I think there have been some threatened species identified on the route. Mr Foulds may be able to give us some more detail on what those threatened species are.

Mr Jagers: I understand that the delay has been about 18 months. I am checking what the new expected completion time might be.

Senator COLBECK: When was the reference made to the EPIC Act?

Mr Mrdak: I will check if we have that information with us.

Senator COLBECK: The 'declaration' is probably the right term.

Mr Foulds: Yes. On 8 October, Vic Roads were notified that it would be subject to controlled action under the EPIC Act. It is about the potential impact on listed threatened species and communities under sections 18 and 18A of that act.

Senator COLBECK: Does it list what particular species or communities?

Mr Foulds: Biodiversity of listed flora and fauna species in the area. I do not have any further breakdown.

Senator COLBECK: It is not that specific at this stage.

Mr Mrdak: We can seek to get that information for you, including when the reference was made to the EPIC.

Senator COLBECK: I think we had the date. It was 10 October, wasn't it?

Mr Mrdak: That was the notification from the environment department back to Vic Roads that there was a controlled action which would require further assessment. You were asking when did they actually lodge the application; we will find that out for you.

Senator COLBECK: From the time they have lodged that application we are talking about 18 months for the processing of it.

Mr Foulds: Or less. The expected construction end date, based on the history of these sorts of applications, is mid-2016.

Senator COLBECK: That is the revised expected completion date, so out from 2014.

Mr Foulds: Correct.

Senator WILLIAMS: I might take you to the truck-stop issues, if that is all right, Mr Mrdak.

Mr Mrdak: Certainly.

Senator WILLIAMS: I understand the program was designed to provide \$70 million between 2008-9 and 2011-12 to build rest stops for truckies. I understand that there were to be two rounds of the program, both of which have been announced. That is correct, is it?

Mr Mrdak: That is correct.

Senator WILLIAMS: Does that mean that the funds for this program in the 2011-12 budget have already been allocated under round 2 of the announced projects?

Mr Jagers: Yes, that is correct.

Senator WILLIAMS: What funding has been providing for new or additional rest stops in this budget which have not previously been assessed under this program?

Mr Mrdak: There is no additional funding in this budget for this program.

Senator WILLIAMS: These two rounds, they expire in 2011-12.

Mr Mrdak: That is right.

Senator WILLIAMS: There is no additional funding for more truck stops in this budget?

Mr Mrdak: Not at this stage. We are working in relation to what the future investment program may look like under Nation Building 2, but no further decisions have been taken at this stage in relation to ongoing funding for this program.

Senator WILLIAMS: Mr Mrdak, as far as truck stops go, surely \$70 million budgeted now is not enough to meet the National Transport Commission guidelines; isn't that the case?

Mr Mrdak: Firstly, this program has been a welcome addition to that funding program. This was a program that did not exist until a couple of years ago, so it has made a significant contribution. We have 184 projects under round 1 and 62 under round 2. I agree with you that, to meet the NTC guidelines, to meet the fatigue regime that we would like to see in place, we would like to see more provision for these truck stops and other facilities for the heavy vehicle industry. They are decisions that the government will look at in future funding.

Senator WILLIAMS: These were new programs because the road user charge was raised under this government—that is correct?

Mr Mrdak: That is correct. The government took the decision as part of the third heavy vehicle determination implementation to fund this program.

Senator WILLIAMS: Have you any idea how many more truck stops are required over the next 10 years to bring them up to those National Transport Commission guidelines? I hear reports that there should be 500 roadside truck stops over the next 10 years at an approximate cost of \$300 million to bring the 22,500 kilometres of Australia's national highways into broad compliance with the NTC guidelines. Do you know how many extra truck stops are needed to bring the situation into those guidelines?

Mr Mrdak: I do not have any details like that. I know that some of the major organisations like the ATA, the Australian Trucking Association, the livestock association and other associations, do have estimates but, apart from those estimates, I am not aware of any other figures that are available.

Senator WILLIAMS: Yes. I had the privilege to drive a truck to Canberra on Sunday with the ATA's Stuart St Clair, the CEO, and one of the particular things we looked at was the size of the truck stops, how many were there et cetera and the gaps between them, because surely, with the strict guidelines of work diaries for truck drivers these days, if they breach the hours of driving, they are facing serious fines and in serious trouble. This would have to be one of the priorities for the transport industry, wouldn't it?

Mr Mrdak: There is no doubt it is one of the key priorities for the heavy vehicle industry, and we share their concern that we need to invest more into these facilities. This is a matter which I am sure the government will look at in forthcoming consideration of the Nation Building Program 2.

Mr Jagers: The program is still rolling out. Mr Mrdak mentioned that there were 184 projects in the first round, and most of those have been completed; 156 are completed. In the second round there are a further 62 projects, and they are still rolling out now. Only seven of those in round 2 are completed, so the project is still moving forward. Sorry, 13 have been completed and 53 are in planning, so work is ongoing against this program. There have not been any new allocations in this budget, but the program is actively working and building extra rest stops at the moment.

Senator WILLIAMS: With these programs, are some enlarging current rest stops and building new ones?

Mr Jagers: That is correct, yes.

Senator WILLIAMS: When you build the new facilities, do you provide toilet facilities and other necessary requirements for the truck drivers in any of them?

Mr Foulds: I can say that, yes, in the case of the Nhill trailer exchange in Victoria, it is the case that they are building a toilet and some other amenity there. For a number of others it is just the space required to park or change, but it is dependent on the project, so some do and some do not, depending on their size.

Senator WILLIAMS: There are many, many truck stops that do not have toilet facilities.

Mr Foulds: Yes, exactly. But there are a number under this program where that is part of the program—that is what is happening there.

Senator WILLIAMS: What you are saying is that that is part of a future plan?

Mr Foulds: Not at every one. It largely depends on the proponent who is putting together the program.

Senator WILLIAMS: Who normally is the proponent? Is it the local government or is it the RTA at a state level?

Mr Foulds: It is usually the state construction, yes—

Senator WILLIAMS: Usually the RTA? That is a worry.

Mr Foulds: who have put it forward, under the program.

Mr Jagers: It is not always the state. During round 2 I think there were 15 bodies that were asked to make submissions, and that was the state and territory governments, but there were also other associations that made submissions and their proposals were considered. It is not just the states and territories that are making submissions.

Senator WILLIAMS: Does the department take into consideration the number of trucks on the roads? Surely the number of trucks is growing and growing as the economy grows, and we have not grown our rail system. Do you monitor the number of trucks on the road to give you some assessment of how many truck stops are needed, or is that up to the National Transport Commission guidelines?

Mr Mrdak: No, we do that. As part of our transport planning work, our Bureau of Transport Economics does look at growth in registration, so, as we are doing forecast planning for some of these road upgrades, we do look at the growth of the heavy vehicle task—as well as the National Transport Commission obviously, which looks at it in terms of the pricing arrangements for cost recovery. We are certainly aware, and it comes back to my earlier comments. We certainly believe the forecast growth in heavy vehicles, as well as the current demand, requires additional infrastructure in these types of facilities. They are matters which the government will consider as it designs its next funding programs.

Senator WILLIAMS: I was talking to a bloke on the radio one night and a truckie rang in and he was talking about travelling from Sydney to Brisbane on the Pacific Highway. This truckie was telling us that if you do not have a park by nine o'clock at night in some places you will not get a park. Are you aware of the congestion of the truck stops on the section I just mentioned, Sydney to Brisbane on the Pacific Highway?

Mr Mrdak: Certainly, and it is not—

Senator WILLIAMS: Is it a problem?

Mr Mrdak: It is a problem, not just on that section of the national network. There are other sections similarly where there is very high demand for parking facilities and rest stops,

and in some of those situations there is congestion; there just is not enough space. That is where this program has been targeting over the last couple of years: some of those high-demand locations.

Senator WILLIAMS: You have targeted new truck stops on the section of the Pacific Highway I mentioned?

Mr Mrdak: I think there are projects being funded there. Either as part of this program or as part of the design of the Pacific Highway duplication, there are truck stops being provided, I think. I will just check with Mr Foulds.

Mr Foulds: They are considered in the design of the duplication. For example, there is a large truck stop being considered at the Kempsey Bypass as part of the plan. A decision on who will operate that or develop it has yet to be made, but it is provisioned for within the design.

Senator WILLIAMS: I know it is budget associated, but can the department estimate when in the future the truck stops will be brought up to National Transport Commission guidelines?

Mr Mrdak: I cannot give you an estimate; that will be dependent on future government funding decisions.

Senator WILLIAMS: The \$70 million has been taken now, basically. It has been accounted for.

Mr Mrdak: It is being invested. I cannot give you any time frame at this stage on when the government may look at this issue and make future funding commitments.

Senator WILLIAMS: I now want to take you to the New England Highway in relation to budget announcements. In the budget \$6 million was set aside for feasibility studies of the upgrade of Bolivia Hill on the New England Highway and also a heavy vehicle bypass of Tenterfield. When will these feasibility studies commence, do you know?

Mr Jagers: We are currently working with the New South Wales government to provide project proposal reports for each of those two studies. We are expecting those reports reasonably shortly, I think. The New South Wales government know that the funding is there—they are engaged with us on the project—so we are hoping to get that work started as soon as we can.

Senator WILLIAMS: Highway 1 is funded by the federal government; correct?

Mr Mrdak: It is a mixed funding; it is no longer 100 per cent Commonwealth funded. Since the AusLink program in 2004 we now do co-contributions and it varies. On some programs it is fifty-fifty; on others 80-20—it depends on the project. The Commonwealth no longer funds 100 per cent of the national network.

Senator WILLIAMS: I want to refer you to the Tenterfield bypass. Mayor Toby Smith was saying it is more a heavy vehicle bypass intended to be an alternative route for heavy vehicles only, not a bypass for cars and tourists. Obviously the mayor, who is very committed to his town, would like to see a heavy vehicle alternative route without scaring away the tourists and the people who call into Tenterfield for a cup of coffee, lunch or to look at the many things. There is a great history of Henry Parkes in Tenterfield. Would it be the objective

to design it for heavy vehicles only, do you know, or is that just going to come out in the planning?

Mr Mrdak: As part of the planning we will look closely at it. The major issue is the heavy vehicle access, because as you know, the—

Senator WILLIAMS: I am well aware of it.

Mr Mrdak: I know it myself, and—

Senator WILLIAMS: It is a narrow street.

Mr Mrdak: It is a very narrow street.

Senator WILLIAMS: It is a busy road.

Mr Mrdak: The parking arrangements and the way trucks then interplay into that mean that you have flow-on right back through the town. Certainly, while the priority is to try to move some of that heavy vehicle traffic out, once you have a bypass, obviously, other through-traffic may seek to use it. Not in my memory has there been a bypass which is solely for heavy vehicles. You have alternative routes in some towns for that, but generally it is open to all categories of traffic.

Senator WILLIAMS: Perhaps if there was a signpost 'Heavy vehicles bypass', that might encourage the cars to go into town and promote the local economy.

Mr Mrdak: It is a very attractive town for people to stop in. It is in the right point. If you are travelling down from Brisbane to Sydney it is a good stopping point.

Senator WILLIAMS: The main street is very narrow and there are an enormous amount of heavy vehicles, from B-doubles down, using it 24 hours a day.

Mr Mrdak: Exactly. The way the traffic feeds in from the side streets into the main street also means that you have got a high proportion of local traffic having to use that main street.

Senator WILLIAMS: Will these feasibility studies on Bolivia Hill and the heavy vehicle alternative route around Tenterfield be done together or separately?

Mr Foulds: They will be done at the same time.

Mr Mrdak: The government has brought forward the money and will pay the money this financial year for those studies to get underway.

Senator WILLIAMS: When will these studies start, do you know?

Mr Mrdak: We are hoping to start before 30 June.

Mr Foulds: We are hoping they will start midyear, yes.

Senator WILLIAMS: When will the studies be completed, any idea?

Mr Foulds: I cannot tell you the exact date but it probably—

Senator WILLIAMS: That would be a difficult question, the exact date, but some idea?

Mr Foulds: About two years by the time—

Senator WILLIAMS: It will be about two years to carry out the study.

Mr Foulds: That is the preliminary advice from the RTA because of all the alignment work that they have to do, because very little work has actually been done on the idea of it in the past.

Senator WILLIAMS: If it takes a couple of years to do the studies, then when will that be reported to government? Straight away at the completion of the studies, you would assume.

Mr Jagers: Yes.

Senator WILLIAMS: It is then up to the government to include the project in funding rounds, I would imagine. Will state funding be required for the construction stage of the New England Highway? The RTA will play a major role in the planning of it. When it comes to funding the improvements of Bolivia Hill—it is a very dangerous section on the New England Highway, there have been a lot of accidents and deaths there—will state government have to put funding into these projects?

Mr Mrdak: That will be a decision the government will have to reach. Generally we do seek a contribution by state governments to the national network, but those decisions have yet to be taken.

Senator WILLIAMS: I want to move on to Mid-North Coast Aviation Plan. I refer to reports that up to \$19 million will be provided for new and upgraded infrastructure and facilities at the Port Macquarie, Kempsey and Taree airports as part of the Mid-North Coast regional aviation plan. You would be well aware of those commitments.

Mr Mrdak: Yes, they were commitments made to the local member of parliament as part of the government's arrangements with the Independent member.

Senator WILLIAMS: It is a \$19 million commitment to that, is it?

Mr Mrdak: That is my understanding. It is managed out of the department of regional Australia rather than this department, but I am aware of it from when that department was with us. That has been announced in the budget, I think, as a funding commitment now.

Senator WILLIAMS: \$19 million.

Mr Mrdak: That is correct.

Senator WILLIAMS: Mr Oakeshott was saying it was \$22 million in one of his media releases: 'This is a very important \$22 million investment at the three local airports.' What happened to the other \$3 million, do you know?

Mr Mrdak: I may be wrong. It is not administered in this portfolio, but let me just check what the final funding was. I know some of the original work was around \$19 million, but I will come back to you. It may well be \$22 million. I am not familiar with it because it is not in this portfolio.

Senator WILLIAMS: Minister Crean said:

The Gillard Labor Government will provide up to \$19 million for new and upgraded infrastructure and facilities at Port Macquarie, Kempsey and Taree airports, as part of this week's budget.

As I said, the member for Lyne was saying \$22 million. You might be able to explain that discrepancy or take it on notice.

Mr Mrdak: I will take it on notice and check with our colleagues at the department of regional Australia.

Senator WILLIAMS: I understand the Mid-North Coast Aviation Plan was put together by three local councils.

Mr Mrdak: That is correct.

Senator WILLIAMS: When was this plan provided to the department for consideration?

Mr Mrdak: From recollection, we first considered this in 2009.

Senator WILLIAMS: The whole plan for those three?

Mr Mrdak: That is right. It is a proposal for the upgrade in accordance with the master plan for Port Macquarie Airport and also expanded general aviation facilities at the other two airports.

Senator WILLIAMS: What other research, inquiry, business case or other information did the department rely upon in providing advice to the minister in relation to this matter?

Mr Mrdak: I would have to take it on notice because since October this matter has been with the department of regional Australia rather than us. Up until then, when we were involved, there was a business case prepared by the councils which included quite detailed design and also a business case in relation to traffic growth, certainly in relation to Port Macquarie Airport. I know I had a couple of discussions with the chief executive officer of the Port Macquarie council in relation to their traffic projections of growing particularly upgraded services by Virgin and QantasLink by way of the runway extension and the expansion of the apron and the like. They had done quite a lot of detailed business plan and traffic projections based on the investment.

Senator WILLIAMS: Is this program funded under your department or under Minister Crean's, do you know?

Mr Mrdak: Minister Crean's. Since October it has been funded by the department of regional Australia.

Senator WILLIAMS: The minister, in his press release of 30 May, states the money is now in the federal budget. Can you refer me to which of the budget papers the minister is referring to?

Mr Mrdak: Yes, it is in Budget Paper No. 2, on page 290. It has a commitment there of a number of measures which are community infrastructure grants. It is under the department of regional Australia, \$49 million in 2011-12, which will include a local roads and timber bridge replacement package for Greater Taree City Council, the Mid-North Coast Aviation Plan and the upgrade of Bucketts Way between Gloucester and Taree.

Senator WILLIAMS: When will that \$19 million be paid?

Mr Mrdak: It is in 2011-12.

Senator WILLIAMS: Does \$19 million fully cover the cost of the proposal announced in the plan?

Mr Mrdak: My understanding is there is additional funding being provided by Port Macquarie council in relation to the upgrade of Port Macquarie Airport, so it is not the total cost. Coming back to your earlier question, I suspect some of the announcement by the member may well relate to the total package, which includes a contribution by the council, but I will check that.

Senator WILLIAMS: I would like to know is this a \$22 million plan; is it a \$19 million plan? If it is \$19 million, is the federal government putting in the \$19 million, as they are saying, or is it up to the local or state governments to cough up the rest?

Mr Mrdak: I will get some details for you, but certainly the Commonwealth contribution is, as I understand it, \$19 million for the aviation plan.

Senator WILLIAMS: I would like to know the total cost of the project. Do you know what exactly the \$19 million will build at each of the three airports? We know we are looking at an extension of Port Macquarie Airport, I think resurfacing of Taree Airport.

Mr Mrdak: It provides for business and general aviation facilities at Taree and Kempsey, so expansion of those two airports, and it provides for expanded runway and apron capacity at Port Macquarie, which is the bulk of the funding.

Senator WILLIAMS: The terminal facilities as well at Port Macquarie?

Mr Mrdak: No, I think they have been funded by the council to date. This provides for the aero facilities. Again I will check this. My recollection is, of that \$19 million, around \$15 million was for the Port Macquarie Airport upgrade and the remaining balance is for the other two airports to expand their general aviation facilities and upgrade their apron and pavement.

Senator WILLIAMS: Is the federal contribution capped at \$19 million?

Mr Mrdak: I believe it is. I will get some further details because we have not dealt with that as part of our budget process.

Senator WILLIAMS: You might be able to let us know if state or local government funds are being contributed to the whole project. That will let us know the detail and total cost of the project, no doubt.

Mr Mrdak: Certainly.

Senator WILLIAMS: What consultation has taken place with the state government and local councils in relation to these projects, do you know?

Mr Mrdak: Until the formation of the department of regional Australia, my department had a number of discussions with the Port Macquarie council in relation to the aviation projects. From recollection, Mr Wilson and I and my officers met at least three times with the chief executive of the council and certainly at officer level, quite extensively. They provided a number of business plans and business cases to the department in the lead-up to that period. I cannot comment on what discussions have taken place since October when this matter has been taken over by Regional Australia.

Senator WILLIAMS: Do you know when those discussions were held with you and your department?

Mr Mrdak: I can give you the details of those.

Senator WILLIAMS: That would be good to see because I was aware it was originally a \$22 million project in one of those media releases. I now want to take you to the Bruce Highway. How are you, Chair?

CHAIR: Very well, thank you, Senator Williams.

Senator WILLIAMS: How are we going for time?

CHAIR: Keep going. We have got a lot to do further down the track, but, I am sorry, I just look at you and see a Kenworth with trainer wheels, I am sorry.

Senator WILLIAMS: I was probably driving trucks before you were, Chair.

CHAIR: I do not think so. In fact, I am happy to have a bet with you, Senator Williams, being a third-generation truck driver.

Senator WILLIAMS: What investigation did the department do or the department is aware of that were undertaken in relation to the environmental impacts of the section B upgrade on the Bruce Highway? Anyone familiar with the section B?

Mr Mrdak: We know section B well. You were asking what environmental impacts were undertaken. There would have been environmental studies done.

Senator WILLIAMS: Did the department do an investigation or is the department aware of any investigation undertaken in relation to the environmental impacts of the section B of the upgrade on the Bruce Highway?

Mr Mrdak: There certainly would have been an environmental assessment undertaken prior to the project proceeding, under both Queensland and federal environmental legislation. I can get the details of what took place. I am not sure whether it was a full EIS or whether it was a lesser environmental study, but I can find out. We do not have the detail with us, but we will get you the exact details.

Senator WILLIAMS: Were there specific environmental concerns about that section B? Was there anything out in the public arena?

Mr Mrdak: There would have been an environmental impact assessment done, but I am not too sure whether there was any specific—

Senator WILLIAMS: What I am saying is: are there any sensitive issues that people are bucking and screaming about?

Mr Mrdak: Given the location, I think there would have been. At the stage of the planning there was also the issue around the Mary River dam and the like and the implications for this section B. That proposal at that stage was very much alive at the time the project planning was being done for the road crossing. I will get some details, if I may.

Senator WILLIAMS: Yes.

Mr Jagers: The project is well under construction so any environmental issues would have been resolved through either alignments or other steps that might have needed to have been taken at the time. But we will certainly have a look at those.

Senator WILLIAMS: Are you aware of how those controversial issues were mitigated?

Mr Mrdak: Again, we will get some further details for you. There would have been, as part of the project—

Mr Pittar: As Mr Jagers said, the project is well under construction and due for completion by mid-2012. Without knowing the detail of what specific environmental issues might have been addressed through that process, there were issues around location of bridges in relation to particular waterways and matters such as that. The ongoing design of the project would be done in a way so as to mitigate impacts on the environment consistent with the environmental assessment undertaken.

Senator WILLIAMS: Speaking of some of those bridges and waterways, I think Skyring Creek and Coles Creek were two sensitive areas. What is the impact of the construction of section B on those two areas?

Mr Pittar: My recollection is that the project is putting bridges over both of those water courses. The bridge designs will be done in a way so as to minimise the impact on those water courses and the environment around them.

Senator WILLIAMS: Have the natural water courses been altered?

Mr Pittar: I cannot answer the specific detail on that, I am afraid.

Senator WILLIAMS: Can you find out for me?

Mr Pittar: We can certainly take that on notice.

Senator WILLIAMS: If they were altered, how were they altered? Could you take that on notice too, please?

Mr Pittar: Yes.

Senator WILLIAMS: What protected species could have been affected by these changes, if there were any changes? Are you familiar with that?

Mr Pittar: I do not have the details of that.

Senator WILLIAMS: You might be able to get me the details of what protected species could have been affected by the changes and how affected species native to these water courses are being protected and whether environmental monitoring is still taking place and, if not, why.

Mr Pittar: There would be ongoing environmental monitoring of the project. The project is of significant scale, and the project managers would be required to ensure that, as the project goes forward, it continues to comply with any environmental requirements that were put in place, and that would include monitoring and other management aspects.

Senator WILLIAMS: Have there been any reports in relation to the monitoring of the environmental impacts?

Mr Pittar: We have not had any concerns or specific issues drawn to our attention, so we understand that the project is being managed in such a way so as to deal with and address any environmental issues, along with any other issues that go with the construction of such a major project.

Mr Mrdak: We will check this afternoon and come back to you.

Senator WILLIAMS: Who would those people who are managing that side of the project report to, if they do report?

Mr Mrdak: To Queensland Main Roads.

Senator WILLIAMS: If those reports are given to Queensland Main Roads, are they for public knowledge?

Mr Mrdak: I would have to check. Usually there are commitments given to the public release of monitoring reports where there are conditions of the environmental approval. I do not know the specifics in this case, and I do not think our officers do at the moment, but we will check and come back to you.

Senator WILLIAMS: Do you know if there has been any social impact in the area due to the route chosen for section B?

Mr Pittar: There was considerable consultation with the community at the time around the potential alignments for section B, and that consultation did involve the community. From memory, there were two broad alignments that were considered in the design phases of Cooroy to Curra, and the community was involved in consultation on the proposed alignments.

Mr Mrdak: Coming out of that consultation was the decision, I think, to relocate the school to the other side.

Senator WILLIAMS: They had to relocate a school?

Mr Mrdak: They did. There was a federal school that has now been relocated to a new location. A brand new school has been built to address some of the access issues that were created by the road link. That was done with, I understand, the support of the local community.

Senator WILLIAMS: Were there any other social issues and those sorts of issues that affected the community?

Mr Pittar: The general issues that would be addressed in a circumstance such as that would be around general amenity issues and issues of access because, of course, with a significant new piece of infrastructure going through, access to local service roads would be a factor that would be considered. There would be a range of factors that would be considered, including impacts on the local community and tying in existing road infrastructure into the new piece of infrastructure. There would be issues associated with, as I mentioned earlier, the particular preferred alignments and there would be issues of a broader nature also in relation to travel times, efficiencies, the freight task and that sort of thing. There would be a broad range of factors taken into account.

Senator WILLIAMS: What about noise?

Mr Pittar: That would be one of the factors taken into account too. So broad impacts in terms of the community, both in terms of them accessing the infrastructure and seeking to minimise or mitigate any negative effects of that piece of infrastructure would be taken into account.

Senator WILLIAMS: I have always had the attitude that if you build a house near a set of saleyards, the saleyards were there first and you can expect some noise of unloading cattle at night. If you build the house and then they come along and build the saleyards after you have built your house, there are questions to be answered. Obviously this is a case here where the houses and the development were already there before they decided to put section B through.

Mr Pittar: In circumstances such as that there is provision with projects for property resumptions and hardship issues, so the properties could be sold if owners considered that the mitigation effects were going to be inadequate.

Senator WILLIAMS: Could you take on notice if there are any other concerns that have not been solved or any general complaints coming through from that area? I want to know whether the issues have been mitigated, whether the problems have been solved or whether there is still conflict on those issues there.

Mr Pittar: We can. The overwhelming message we get is that there is a great desire for this piece of infrastructure to be completed. Section B was chosen as the one to progress first because of the poor crash history of the area. So it is a major piece of infrastructure that has been funded in order to address the concerns with the Bruce Highway that existed in that area before section B was on the books and now as it is under construction.

Senator WILLIAMS: Now I want to take you to the North Sydney rail freight corridor. I refer to the answers provided by the department on notice to the last Senate estimates hearings held in February in relation to this project—NBQ34, February 2011. Previously we were advised that the North Sydney rail freight corridor study would be complete in 2010 and then early 2011. In the last estimates you advised that it would be completed in mid-2011. Has this study finally been completed?

Mr Jagers: The study is still underway; it has not been completed yet.

Senator WILLIAMS: When do you expect it to be completed?

Mr Jagers: During this year is my understanding.

Senator WILLIAMS: Is that an 'I'm not too sure' answer?

Mr Jagers: The study has been ongoing for some time and is due to complete, and we are working with New South Wales officials in relation to the corridor study and the broader project on the North Sydney freight corridor.

Senator WILLIAMS: So you expect that to be completed sometime this year? Do you know what the hold-up has been? It was supposed to be completed in 2010, then early 2011, and now it is some time this year.

Mr Mrdak: It has largely been around New South Wales RailCorp seeking to find a preferred investment program that maximises what we want, which is freight paths; at the same time, there are the pressures they are under to create passenger rail paths. Can we find an investment program that maximises the pressures on them or tries to give us the maximum rail paths that we want for freight? One of the issues for us is that we are still seeking to sign a memorandum of understanding with the New South Wales government, which will allow our funding to flow. That has largely been around our strong need to get guaranteed freight paths along that line and the pressure that the New South Wales government and officials are under to meet the passenger demand. The Commonwealth position is clear: in the absence of dedicated and guaranteed freight paths for at least 20 years, we do not believe we can make our investment in that line, because we are very much trying to create the freight paths we need in that northern corridor out of Sydney and the real issue has been for New South Wales to design a system that gives us the freight paths we want.

Senator WILLIAMS: When the study is completed, will it be made public? Do you know?

Mr Jagers: I do not know as yet. I will take that on notice, if I can. I am not too sure

Senator WILLIAMS: Mr Wood, do you have any idea? If the study is done about the planning then hopefully it will be done this year.

Mr Jagers: I think that would be a question for the minister. At the appropriate time, once the study is completed, he would be making the decisions around that with the New South Wales government.

Senator WILLIAMS: What was the budget figure for that study—\$15 million?

Mr Jagers: Yes.

Mr Mrdak: Yes.

Senator WILLIAMS: Do you know how much of the \$15 million has been spent as yet?

Mr Wood: The \$15 million has been provided to New South Wales.

Senator WILLIAMS: So you have given it to New South Wales and they are carrying out the study. Is that the deal?

Mr Wood: That is correct. There is a project steering committee and a project control group, which we are represented on, but the majority of works of that study are being undertaken by New South Wales transport authorities with the support of other agencies, such as us and the Australian Rail Track Corporation.

Senator WILLIAMS: So all that \$15 million has been handed over to the New South Wales government?

Mr Wood: Yes.

Senator WILLIAMS: When was that done?

Mr Wood: The vast majority of that has been spent.

Senator WILLIAMS: When was that handed over for the study?

Mr Wood: I believe it was last financial year, but I will just check that.

Mr Jagers: We might need to get back to you on that.

Senator WILLIAMS: That is fine. I wish to know when that \$15 million was handed over to New South Wales. Do you know what the expected cost of the study is in total?

Mr Wood: The \$15 million, I should clarify, covers a number of activities, the most important part of which is the study. It also potentially covers the preparation of planning approvals and some pre-works on noise mitigation studies as well.

Senator WILLIAMS: For that North Sydney rail freight corridor, do you know what is the expected cost of the study in total?

Mr Wood: Obviously I do not have that information to hand.

Senator WILLIAMS: Can you confirm that \$100 million in funds has been deferred in this budget for the North Sydney freight line? Has there been \$100 million deferred this year because of that?

Mr Mrdak: Yes. This was announced by the government in February, as part of the response to the floods package. So \$100 million has been deferred beyond the forward estimates to fund the flood restoration.

Senator WILLIAMS: I understand the money will now be paid from 2014-15. Will the full \$100 million be paid in 2014-15?

Mr Jagers: Funding for this particular project commences in 2011-12, so part of the funding has been deferred. All up, the Australian government is investing \$840 million in the project; a portion of that money was deferred to make way for reconstruction efforts in Queensland, but there is still significant Australian government funding happening from the next financial year.

Mr Mrdak: The intention at this stage is that the \$100 million will be paid in 2015-16.

Senator WILLIAMS: In what financial year will the remainder of the funds be paid?

Mr Mrdak: As Mr Jagers has indicated, subject to New South Wales and the Commonwealth settling the final memorandum of understanding, we would anticipate the funding starting to flow from 2011-12. There is a funding forecast at this stage—again, subject to finalisation—through 2011-12, 2012-13, 2013-14, 2014-15 and then the \$100 million in 2015-16, to pay the last of the Commonwealth contribution.

Senator WILLIAMS: Can you—take it on notice—give us a breakup of what funds will be paid in what financial year for this project?

Mr Mrdak: Yes.

Senator WILLIAMS: The project is due for completion by 2016, is it?

Mr Mrdak: That is the intention, as I said, subject to settling this agreement.

Senator WILLIAMS: How is it looking for running on time now? Considering that the report is getting further and further behind, 2016 would be optimistic, wouldn't it?

Mr Jagers: With this project, the study and the commencement of work were to happen concurrently. As Mr Wood said, the study funding also included planning work and other works. It was not intended that the study would finish before anything could take place; so some of the preliminary works could commence prior to the study being completed.

Mr Mrdak: The key determinant on whether the program can be met is how quickly New South Wales is prepared to sign the agreement. This is something that the government has been pressing with the former New South Wales government and it is also something we have taken up with the new New South Wales government. That will be the major determinant of how quickly this program can start.

Senator WILLIAMS: Yes. Chair, does Senator Ludlam want some time on this?

CHAIR: He does, Senator Williams.

Senator WILLIAMS: What if I shove the next 12 minutes to Senator Ludlam; some other questions I will put on notice.

CHAIR: That would be fine; thank you very much.

Senator LUDLAM: I was expecting to put some of these to Infrastructure Australia, so you might want to help with a bit of traffic management and I can boot some of them off to Mr Deegan on notice.

Mr Mrdak: Certainly. What were the questions in relation to?

Senator LUDLAM: To Infrastructure Australia. I know you tend to deal with the consequences of their decisions rather than the decisions themselves so, if I stray into their territory, you can let me know. There are some fairly major budget and policy announcements in this space that are not necessarily reflected by budget commitments in a major way yet but that point to the direction that the government seems to be heading. IA has increased funding in their role, including reviews of regional infrastructure plans; the work that the major cities produce that Minister Albanese released last week—those are ones that I can think of; the COAG Reform Council, doing work on city planning and so on—all of these things that relate to the way that infrastructure is invested in and funded in Australia. Can you tell us

specifically what that means for your portfolio? What are the most significant changes, from your point of view, from the last time we were here, or 12 months ago?

Mr Mrdak: You are absolutely right: these are quite fundamental direction-setting decisions that the government has announced in the budget this year. They continue a strong direction that this government has had in place since 2007: firstly, investment in public transport and also urban investment, and also a strong direction changer in terms of federal government engagement in planning and investment in our urban areas. There are three categories of decisions which were announced in the budget. The first is to improve the capability and capacity of Infrastructure Australia to provide advice on priority investments, hence the additional resourcing. Also, as part of that package, transparency around the Infrastructure Australian processes in terms of investment decision advice, as well as a role we will take on, which is publishing a national construction schedule, which shows all of the investment that is taking place by governments across Australia to give some certainty and direction for private sector investment, and a range of special tax provisions, which will be included in the future to encourage investment by the private sector in infrastructure investment, which is in projects which have been deemed by Infrastructure Australia to be national priorities. There is that whole allocation process of decision making and allocation of resources through the Infrastructure Australia process and also incentives for private investment; that is one component of the budget.

The second, as you have outlined, is the national urban policy, which sets out direction setting in terms of how we better integrate land use planning and investment decisions, including how the Commonwealth guides its future investments, in terms of both nation-building and other Commonwealth programs, to try to get a much better alignment between land use planning and the like. The third component is the fact that, with the COAG Reform Council, the Commonwealth has made clear that future investment decisions in our urban areas will be dependent on the COAG Reform Council findings in relation to the state plans meeting the national criteria, which is a more direct relationship between what we see is improved planning outcomes and Commonwealth investment decisions.

In those areas you have a much clearer delineation of Commonwealth future investment directions. The key part of the national urban policy is setting out some clear objectives and principles of what the outcomes the Commonwealth wants to see in urban areas, and to which it will in the future much more closely tie its investment decisions; a continuation of a very strong Commonwealth decision to continue to fund urban infrastructure and public transport; and finally an improved transparency and allocative process around the Infrastructure Australia advice, as well as incentives for private sector investment. Quite significant direction setting and investment decisions have been announced in this budget.

Senator LUDLAM: The fourth one I should have mentioned was that we have got a national freight strategy that we did not have this time last year, which presumably will help guide some of that decision making as well.

Mr Mrdak: That is correct. Infrastructure Australia current has a draft document which has been out since February. They are now getting comments in on that. Mr Deegan, who was here earlier today, outlined that the intention is for the Infrastructure Australia Council to consider that in July with a view to bringing that forward to the Council of Australian Governments later this year.

Senator LUDLAM: I might just check with the chair whether we are able to keep Mr Mrdak until shortly after one?

Mr Mrdak: Senator, you get me for the whole two days.

Senator LUDLAM: We will get you for two full days.

CHAIR: Hang on, sorry, I have missed something here. Did you want to run something—

Senator LUDLAM: No, I am just checking to see whether we can go after one o'clock.

CHAIR: Okay.

Senator LUDLAM: That is our lunch break, but you are going to be back—it will be the same folk here in room, all right.

Mr Mrdak: Nation building, I think, is scheduled to run after lunch.

CHAIR: We will just stop for a second. That is what I was having a conversation about with Senator Williams.

Senator LUDLAM: I have got quite a bit, and Senator Siewert has too.

CHAIR: You have got some as well?

Senator SIEWERT: I have got a short one.

CHAIR: I will tell you what I am planning with my colleagues, if there is the possibility of, with the blessing of Hansard and broadcasting, if we go into the lunch break with the possibility of an extra, say, 10 minutes and get it all cleaned up, then we can let the officers go and then bring back surface transport policy. That depends on how long your questions go for and also Senator Williams probably has about an extra 10 minutes.

Senator WILLIAMS: Might be 10 minutes.

Senator SIEWERT: Mine are about less than five minutes; it is about one specific project.

Senator LUDLAM: I am happy to yield to Senator Siewert and then I will come back to mine.

Senator SIEWERT: Sorry if this is a mind leap: I want to talk about a specific project which is the Fitzgerald River Infrastructure Project, and you have done a question on notice for me on that before. There is a slight confusion about how much that project was funded for. In the estimates answers I have had \$20 million and \$12 million, so could we clarify that first?

Mr Jagers: This is an Infrastructure Employment Program project, and I will get some details for you.

Senator SIEWERT: While you are looking it up, I would also like to know what the funding was for. Was it just for the road works or was it for the walk trail as well?

Mr Mrdak: My recollection is it was predominantly for the road project. The Commonwealth's contribution was largely around the road project, from memory but I will get you a more definitive answer as soon as I can.

Mr Jagers: I understand the Commonwealth funding is \$20 million for that project.

Senator SIEWERT: You might need to tell some of your colleagues in other departments that it is \$20 million. If we could just clarify what it was for.

Mr Pittar: It is primarily involved with road access through the national park to facilitate access to the walking track.

Mr Mrdak: Over the lunch break I will get some specifics.

Senator SIEWERT: If you could. I am not trying to pedantic here. There are issues over the road and access to the walk trail.

Mr Mrdak: Yes.

Senator SIEWERT: In your answer to one of my previous questions you said it was about tourism potential and economic development and support that in the region, and I am wondering did you do an assessment on those issues?

Mr Pittar: Sorry, an assessment on what?

Senator SIEWERT: Did you do an assessment on what economic and tourist values it would bring and, when you look at those projects, do you then look at the potential for environmental impact, and are you aware that our Western Australian EPA has found the walk track to be environmentally unacceptable?

Mr Pittar: Just to back over a couple of those points: as with any projects that we would fund under the IEP, they would need to comply with both state and any Commonwealth legislation that might come into play in relation to environmental protection. Yes, we are aware that the Western Australian Environmental Protection Agency handed down a determination earlier this month saying that it considers the proposed track—

Senator SIEWERT: And vehicle access.

Mr Pittar: may not meet some of their needs. We now, on the basis of that, will need to liaise further with the project proponents over the implications of that and what issues might need to be considered in order to address the state EPA concerns.

Mr Mrdak: We will try to have that answer—my recollection is that it was predominantly the road that was the Commonwealth component, but I will get that for you over lunch.

Senator SIEWERT: Much appreciated, thank you.

Senator LUDLAM: I have a couple of minutes more and then I will let everybody go to lunch. I am wondering the degree to which I can trespass into Infrastructure Australia's area. Can I ask you questions about the Building Australia Fund?

Mr Mrdak: Yes.

Senator LUDLAM: Can you tell us what the balance is on that fund at the moment?

Mr Jagers: I understand that the uncommitted balance is \$1,516 billion. The data I have is as at 31 March this year.

Senator LUDLAM: Budget paper No. 2 says, 'Nation Building now includes \$7.6 billion in transport from the Building Australia Fund.'

Mr Mrdak: That is right.

Senator LUDLAM: That is already committed?

Mr Mrdak: They are commitments that were made in the 2009 budget.

Senator LUDLAM: I am wondering whether I am able to ask you folk, now that IA have done their bit, the decisions have been made, can I ask you about progress on rollout of some of those projects?

Mr Mrdak: Certainly, happy to take you through those.

Senator LUDLAM: I am going to concentrate on WA for a couple of minutes: the Great Eastern Highway, I think there is a duplication there. Can you tell us where that is up to?

Mr Jagers: Can I just clarify: were you looking at Building Australia Fund projects or were you looking more broadly at projects funded from the Nation Building Program?

Senator LUDLAM: Yes, I think I should do that more broadly. You have given me the bank balance, so that is fine, but anything that comes within your domain, no matter which bucket it came out of.

Mr Jagers: The Great Eastern Highway, certainly.

Senator LUDLAM: Yes.

Mr Jagers: The Great Eastern Highway upgrade project is underway; planning and land acquisition has been occurring and preconstruction work has started, with lane construction work to commence in mid-July this year.

Senator LUDLAM: When is the estimated completion of that?

Mr Jagers: Late 2013.

Senator LUDLAM: I understand that we might be coming back after lunch to continue with this.

CHAIR: We will.

Senator LUDLAM: I will leave it there if you like, and apologies we have got to keep you folk back a little way.

CHAIR: Thank you, Senator Ludlam.

Proceedings suspended from 13:00 to 14:00

Senator WILLIAMS: Gentlemen, I take you now to the Parramatta-Epping railway. I refer to media reports that the federal budget contains funding for the Parramatta-Epping railway. Could you please advise me if funds have been allocated in the current financial year for the Parramatta-Epping railway in light of the federal government's commitment to fund the project?

Mr Mrdak: There is no funding in the current financial year. Funding is due to commence in 2014-15.

Senator WILLIAMS: I refer to page 188 of the Mid-Year Economic and Fiscal Outlook, where funding is committed from 2014-15. Can you point to me the page in the budget papers and the forward estimates for 2014-15 where this funding is allocated?

Mr Mrdak: It does not appear as a specific identified allocation at this point. It is a part of the Nation Building 2 program. At this stage it is funded in the contingency reserve.

Senator WILLIAMS: How much is that contingency reserve?

Mr Mrdak: I do not have the full details. That is a whole-of-government reserve. From recollection, the Parramatta-Epping project has \$600 million identified in 2014-15.

Senator WILLIAMS: I note all the other projects in MYEFO for funding on page 188. For example, inland rail preconstruction study, the Moreton Bay rail link, the Richmond bridge, the Princes Highway west upgrade, the Calliope crossroads project, the Great Eastern Highway upgrade and the Tasman Highway upgrade are either funded in Budget Paper No. 2 or confirmed in Budget Paper No. 1 as part of Nation Building 2. All are listed except for the Parramatta-Epping railway line. Why is this the case?

Mr Jagers: I am not sure that is the case. I understand that the other projects listed in that budget paper, including the inland rail, Calliope crossroads and other projects, are also to be funded from the contingency reserve and are not separately identified in the budget papers.

Senator WILLIAMS: Could you give me break-up of these funds? There are a lot of projects there with \$600 million. Can you give me a break-up of what money is for what project? You can take that on notice.

Mr Jagers: I can tell you about those projects that are being funded. The government has committed \$300 million for the inland rail project; for the Parramatta-Epping rail project, \$2 billion and \$80 million; the Moreton Bay rail link, \$742 million—and some funding for that project has been brought forward as a budget measure, so that is specifically mentioned in these budget papers; the Princes Highway eastern Victoria project, \$257.5 million; the Richmond bridge in New South Wales, \$18 million; The Calliope crossroads, \$95 million; the Great Eastern Highway in WA, an additional \$60 million to that project; and for Tasman Highway in Tasmania, \$13 million. The government announced that they would be funded from 2014-15 onwards.

Senator WILLIAMS: What details have been finalised about the funding of the Parramatta-Epping railway project?

Mr Mrdak: The Australian government and the former New South Wales government signed a memorandum of understanding on 21 February for the project, which sets out funding splits and an indicative time frame. With the change of government in New South Wales, we are yet to revisit and have detailed discussions with New South Wales officials in relation to that project.

Senator WILLIAMS: What was involved in that consultation process before the signing of the memorandum of understanding with New South Wales in February?

Mr Mrdak: We developed, with New South Wales, a draft agreement, which was subsequently signed by the Premier and the minister. That included the funding splits where the Commonwealth would fund up to \$2.1 billion with the remainder to be met by New South Wales. It also included indicative time frames that some preconstruction and construction would commence later this year.

Senator WILLIAMS: Do you know when that consultation took place?

Mr Mrdak: The development of that memorandum of understanding took place in the period between October and January. That was when we negotiated and put that draft agreement together.

Senator WILLIAMS: In what year?

Mr Mrdak: October last year. The project was announced by the government as an election commitment in the 2010 election. We negotiated the draft MOU from October onwards.

Senator WILLIAMS: By what date will this project, the Parramatta to Epping railway, be completed?

Mr Jagers: The target completion date is 2017.

Senator WILLIAMS: So you would expect the first services for the public to commence in 2017; is that correct?

Mr Mrdak: On the time frame that is envisaged in the current MOU, yes.

Senator WILLIAMS: Has the department received a submission, a business case or any other communication or request of support for funding between 2007 and 2011 from the New South Wales government for an Epping to Parramatta rail link?

Mr Mrdak: No.

Senator WILLIAMS: So no submission at all then? This was just a federal government commitment when there had been no request or submission from New South Wales.

Mr Mrdak: Infrastructure Australia indicated earlier this morning that they had received a submission. As part of the New South Wales submission to Infrastructure Australia last year, Parramatta to Epping was one project that had been put forward by the then New South Wales government, but since the announcement of the commitment by the Australian government there has been no further business plan or details of the project provided to the Australian government beyond what has been negotiated for the MOU.

Senator WILLIAMS: Were there documents submitted by New South Wales for the application for this rail link?

Mr Mrdak: Certainly there would have been to Infrastructure Australia. I am not aware of those documents. It would have been part of the New South Wales submission last year, as I understand from Mr Deegan's evidence.

Senator WILLIAMS: Are those documents available to the public?

Mr Mrdak: I will have to take that on notice. I do not know. I will check that for you.

Senator WILLIAMS: If they are not available, you might explain why not. What research, reports or other analysis has the department commissioned to undertake in regard to Sydney rail infrastructure projects from 2000 to 2011 and were utilised to support funding of the Epping to Parramatta rail link?

Mr Mrdak: The Epping to Parramatta rail link is a commitment by the government. The department has not undertaken any specific research projects or processes around that project.

Senator WILLIAMS: What information did your department receive prior to the 11 August 2010 announcement to provide funding for the Epping to Parramatta rail link that led to the prioritisation of federal funding of Epping to Parramatta over the north-west and south-west rail links? Why was that decision made?

Mr Mrdak: We have been aware of the project obviously for many years. It was a project that was formally under way in New South Wales and then did not proceed to the final stages. We have certainly been aware for many years of the project; however, we have not

undertaken any specific project development around the proposal. This is, as I said, a government commitment that was made in 2010.

Senator WILLIAMS: When were these research reports or other analysis commissioned and finalised?

Mr Mrdak: I am not aware we have commissioned any research into rail systems in Sydney, apart from the work we discussed earlier in the North Sydney freight corridor. That is the only one on which we have been engaged.

Senator WILLIAMS: I refer to page 267 of Budget Paper No. 2 in relation to funding for the Pacific Highway. It states that \$700 million had previously been provisioned for in the budget, so this is not new funds; is that correct?

Mr Mrdak: That is not correct. The \$700 million was provided for as a budget measure taken but not announced at the time of the midyear economic forecast. It was not announced and has been announced in this budget. It is new additional money that had not previously been in the Commonwealth budget.

Senator WILLIAMS: So that \$700 million was not previously allocated to anything else?

Mr Mrdak: No, it had been earmarked for the Pacific Highway. It was a decision taken at the midyear economic forecast but not announced at that time.

Senator WILLIAMS: The \$700 million was previously unallocated funds from the Nation Building Program. Is that correct?

Mr Mrdak: No, it is additional funding that has been provided to Nation Building from the budget. So it is additional, new funding for the program.

Senator WILLIAMS: The budget also states that \$400 million has been brought forward from 2014-15. Is that the \$400 million included in the \$700 million previously provisioned in the budget?

Mr Jagers: Yes, that is correct.

Senator WILLIAMS: So it is \$400 million brought forward. What was the \$400 million previously due to be paid in the 2014-15 budget allocated towards?

Mr Jagers: The \$700 million that Mr Mrdak referred to was earmarked for 2014-15 and \$400 million of that has been brought forward to 2012-13 from 2013-14.

Mr Mrdak: It was earmarked.

Senator WILLIAMS: What was it earmarked for in 2014-15?

Mr Mrdak: The Pacific Highway.

Senator WILLIAMS: If the \$400 million is included in the \$700 million previously provisioned for in the budget—that is, there was \$300 million unaccounted for—where does the remaining \$300 million come from?

Mr Mrdak: That \$300 million is now in the budget. As I said, it is part of the \$700 million that was all part of the decisions taken at midyear but not announced. That is all part of the \$700 million.

Senator WILLIAMS: In which financial year will the \$300 million be spent?

Mr Mrdak: At this stage that \$300 million is sitting in 2014-15.

Senator WILLIAMS: Budget Paper No. 2 also states that \$270 million has been redirected from other projects in New South Wales. I understand that the full \$270 million has been taken from the M4 east project. Is that correct?

Mr Mrdak: That is correct. The minister undertook negotiations and discussions with New South Wales. The arrangement reached was that \$270 million of the \$300 million commitment to the M4 east would be reallocated to the Pacific Highway project.

Senator WILLIAMS: So it is reallocated money. What was the rationale for the decision to reallocate it?

Mr Mrdak: The position that was discussed with New South Wales was that the M4 east project was not at a stage where it was likely to commence during the current Nation Building Program. I think the position that the work had not progressed sufficiently on the M4 was accepted by New South Wales. Therefore, it was decided to transfer it to a higher-priority project which was ready to go, which is the continuing duplication of the Pacific Highway.

Senator WILLIAMS: In what year was that money supposed to be spent on the M4?

Mr Mrdak: At this stage, I think it was at the end of the program, 2013-14.

Senator WILLIAMS: In what financial year will these funds be spent now they have been brought forward?

Mr Jagers: We will check, but I understand they will still be spent in 2013-14. I will need to come back to you on that.

Senator WILLIAMS: Can you give us a breakdown for each of the forward estimates of when that money is to be spent?

Mr Jagers: We will take that on notice.

Senator WILLIAMS: Have you read reports from the New South Wales government that they were not consulted in this decision?

Mr Mrdak: I have seen media reports of that, but I believe that is incorrect.

Senator WILLIAMS: You are saying the New South Wales government was consulted on this decision?

Mr Mrdak: Yes.

Senator WILLIAMS: When were they consulted about this, in July last year or June last year?

Mr Mrdak: No, these discussions have taken place since the New South Wales election in March. These discussions have taken place with the new New South Wales government. My minister has met on several occasions with the Premier and with New South Wales ministers. Discussions also took place between officials, both from this portfolio and from the Prime Minister's portfolio.

Senator WILLIAMS: What was the reaction of the New South Wales government? I assume they spoke to the Minister for Roads and Ports, Duncan Gay.

Mr Mrdak: The minister has had meetings with Mr Gay, with the New South Wales Minister for Transport and with the Premier on these issues.

Senator WILLIAMS: Was New South Wales happy with the decision? On the whole, I would not expect them to be.

Mr Mrdak: The understanding we have is that, following discussions that took place between the Premier's department and the Prime Minister's department, the advice provided to the government was that New South Wales had agreed. In fact, the split, the original proposal by the Commonwealth, was that the full \$300 million be transferred to the Pacific Highway. The subsequent advice from New South Wales was their preference to retain \$30 million for the M4 east to continue planning. That is the basis on which these changes were made in the budget.

Senator WILLIAMS: Budget Paper No. 2 also states that an additional \$50 million has been provided in the 2011-12 budget. What program has this money come from?

Mr Jagers: That is new money allocated in the budget.

Senator WILLIAMS: They were not previously allocated funds from the National Building Program; it was new money, you say. How much has been allocated, specifically, to the completion of the Frederickton to Eungai section?

Mr Jagers: That is one of the projects that the Commonwealth is most interested in. We need to talk to the New South Wales government to settle a number of things in relation to the Pacific Highway, including the New South Wales government's contribution to the project, and which projects will proceed—but certainly that project.

Mr Mrdak: We have provided money already for planning work and Mr Foulds will take you through that.

Mr Foulds: We are currently providing \$57.6 million. The Australian government's contribution to that is \$46.1 million to have the project shovel-ready.

Senator WILLIAMS: That is for planning and preconstruction, is it?

Mr Foulds: Planning and preconstruction, to get that project shovel-ready by the middle of 2013-14, which is at the end of the current National Building Program.

Senator WILLIAMS: Okay. You have the money there for the planning and preconstruction. Can you confirm that the funds have only been set aside for construction work to this point?

Mr Mrdak: The intention of the Australian government is that the funding that has been provided—essentially, the billion dollars for the pack—would enable the completion of all of the planning, the route-alignment planning and the land acquisition for the complete duplication. It would also enable our first priority for the next stage, which is Frederickton to Eungai work, to commence. As you are aware, the Australian government's request is for New South Wales to match the \$750 million of new funding. If it does, that will more than cover Frederickton to Eungai and enable a start on other sections of the highway. Our advice is that the money the Commonwealth has on the table will enable completion of planning work and a start on Frederickton to Eungai.

Senator WILLIAMS: Is that in the next financial year?

Mr Mrdak: That would be starting in the next financial year, subject to New South Wales' agreement.

Senator WILLIAMS: 2011-12?

Mr Mrdak: Yes. That would be our intention.

Senator WILLIAMS: So negotiations are being carried out with New South Wales on this very issue.

Mr Mrdak: That is correct. Minister Albanese met with New South Wales ministers last week. We are awaiting New South Wales' response to our offer to put forward the \$750 million and have it matched by New South Wales.

Senator WILLIAMS: According to your department's website, 333 kilometres—49 per cent of the Pacific Highway—has been duplicated to May 2011. Is this an accurate assessment?

Mr Mrdak: Yes, that is correct. To this date, 333 kilometres has been duplicated and a further 69 kilometres is currently under construction.

Senator WILLIAMS: Your website also states that a further 69 kilometres is currently under construction or about to start construction. Does this include the Tintenbar to Ewingsdale section, 17 kilometres, and the Devils Pulpit section, 7.3 kilometres?

Mr Jagers: Those projects are yet to commence—the construction is yet to commence—but they are scheduled to be completed by 2014, in the current program.

Senator WILLIAMS: So they have not commenced yet. Is the Frederickton to Eungai section included in that 69 kilometres, according to your website?

Mr Mrdak: No.

Senator WILLIAMS: How many kilometres are in that section I just mentioned?

Mr Foulds: Frederickton to Eungai is 26.5 kilometres. There will be a four-lane divided highway to the west of the existing Pacific Highway and it will bypass the Clybucca—

Senator WILLIAMS: Is that construction dependent on New South Wales funding, joint funding, as well? When do you expect negotiations with New South Wales on these projects to be finished? How far advanced are they?

Mr Mrdak: We hope that will be very shortly. We are waiting. The advice to us last week was that New South Wales, we would hope, would be giving us their position in writing in the next week or two.

Senator WILLIAMS: And they have to meet 50 per cent—is that correct?

Mr Mrdak: Yes, that is the Commonwealth request.

Senator WILLIAMS: And there is a request for 50 per cent from New South Wales?

Mr Mrdak: That is correct, for the \$750 million of additional funding.

Senator WILLIAMS: What other projects are included in the 69 kilometres currently under construction?

Mr Jagers: There are a number of projects, and Mr Foulds can provide you with greater detail. They are projects at Banora Point, the Ballina bypass, the Glengarrie upgrade, the Sapphire to Woolgoolga upgrade, the Kempsey bypass, the Herons Creek to Stills Road section and the Bulahdelah bypass.

Senator WILLIAMS: Can you provide an update on the sections remaining on the Pacific Highway that are yet to be duplicated?

Mr Mrdak: Yes, we can provide that.

Senator WILLIAMS: Senator Macdonald, how much time do you require?

Senator IAN MACDONALD: About half an hour.

CHAIR: Sorry, Senator Macdonald, but Senator Ludlam was in continuation, and Senator Siewert was in before we took the lunch break, so they have been waiting patiently.

Senator WILLIAMS: I have a couple more questions and then I will finish up. Is it accurate to say that these remaining Pacific Highway duplication projects—the Failford Road to Tritton Road upgrade, the F3 freeway to Raymond Terrace upgrade, the Warrell Creek to Urunga upgrade, the Oxley Highway to Kempsey upgrade, the Coffs Harbour bypass et cetera—comprise the remaining upgrades to the Pacific Highway?

Mr Jagers: Woolgoolga to Ballina too, I think.

Mr Foulds: After this current program is over, the next priority is to complete those projects that are within the Port Macquarie to Coffs Harbour section—Warrell Creek to Urunga, Frederickton to Eungai and Oxley Highway to Kempsey.

Senator WILLIAMS: And when is this section due to be completed—2015?

Mr Foulds: No, after the current program.

Senator WILLIAMS: When will the current program be completed?

Mr Foulds: That will be 2013-14. Then the next highest priority sections are the sections from Port Macquarie to Coffs Harbour that are not duplicated by that time in that section of the Pacific Highway. When that is done, the next highest priority is the Woolgoolga to Ballina section of the Pacific Highway. And there are a number of projects within each of those.

Mr Mrdak: Frederickton to Eungai is the Commonwealth's priority.

Mr Foulds: Between Port Macquarie and Coffs Harbour there is Frederickton to Eungai, Warrell Creek to Urunga and Oxley Highway to Kempsey. They are the three projects within that band that need to be completed after the current program.

Senator WILLIAMS: Chair, I will hand over to Senator Siewert, if you like, and then come back if we have time at the end.

CHAIR: Actually, Senator Ludlam was in continuation. Perhaps you could work that out between yourselves.

Mr Mrdak: If I may, we have the information for Senator Siewert.

CHAIR: Good, thank you.

Mr Jagers: Senator, you asked about the Fitzgerald River National Park project and the funding. As I mentioned, there is a \$20 million funding contribution from the Commonwealth, and the Western Australian government is also providing \$20 million. I think the confusion we had earlier around whether there was \$12½ million is that we provided an answer to a question on notice and said that \$12 million had been allocated. In fact, \$12 million has been paid to date on the project. That was at the time of our last estimates. Currently \$13½ million has been paid on the project by the Commonwealth.

The project is split into three elements: construction of roads, construction of the walking trail and construction of recreational sites at the track. The full cost of the roads component, which is the main component, is about \$30 million, which is to seal 82 kilometres of existing dirt roads, essentially.

Senator SIEWERT: Are they the ones on both the east and the west side?

Mr Jagers: On both sides, yes. I think there are 16 kilometres on one side and 66 kilometres on the other side of the walking trail. The walking trail, which will go between Bremer Bay and Hopetoun, is about 100 kilometres in length. You mentioned the EPA determination in relation to that project. We understand that the determination suggested a modified trail where it would not traverse some of the more environmentally significant areas. So that EPA determination is with the Western Australian government. They are considering the appropriate response to that and then they will discuss that with us. There may need to be further decisions made on that project at the appropriate time.

Senator SIEWERT: Does that mean that further decisions made about whether the Commonwealth will contribute depend on how the WA government responds to that report?

Mr Jagers: We need to see what the proposal is, what kinds of alignment changes need to be made and whether that satisfies the EPA.

Senator SIEWERT: In other words, you are going to wait for the EPA to say the new changes are okay before you fund it?

Mr Jagers: As I understand it, the EPA has already suggested a modified trail alignment. That is with the Western Australian government. We will see how they respond to that. They will come back to us with the details.

Senator LUDLAM: I will pick up where we left off. We were discussing a couple of the Western Australian infrastructure projects that you are now administering the rollout of the funding for. Can you step us through the biggest picture items in your budget? We started with the Great Eastern Highway. You have given us some detail on that. What else is going on at the moment?

Mr Jagers: The Commonwealth committed \$280 million to the Great Eastern Highway project, which is under way with land acquisition and preliminary works. That project is about expanding the Great Eastern Highway from four lanes to six lanes and putting in dedicated bus lanes, a bike path, as I understand it, and prioritised signals for buses. That project will start main construction in July, but it is already well under way. The other key projects around the Great Eastern Highway are the Roe Highway interchange. That project is well and truly under construction. Also, as part of the Gateway WA project, there are a number of projects in planning at the moment, including the Tonkin Highway south of the Great Eastern Highway. Senator, is there a particular project you wanted us to give you the details of?

Senator LUDLAM: No, I am just making sure we are catching the major ones. My understanding of the Great Eastern Highway extension was it was not to have a dedicated bus lane at all. Has that project changed significantly since the last time I asked about it? There were to be places where buses could pull off and get back into the run of traffic, but there was not going to be a dedicated transit lane, as far as I am aware.

Mr Pittar: My understanding of the project is that buses have priority at signalised intersections. I think you are correct; there is not a dedicated bus lane. They do get priority treatment at intersections. My understanding is that the project does involve pedestrian paths and bike paths as well.

Senator LUDLAM: How is bus priority going to work at intersections if they are in the run of traffic? Do they just push a button and the lights change?

Mr Jagers: There is a dedicated bus lane at the lights.

Mr Mrdak: That is not unusual. You see a lot of instances of the bus having a lane and the traffic lights providing for the buses to get an early signal to move forward, which gets them ahead of the traffic stream and gives them priority.

Senator LUDLAM: Yes, I have seen that. And is there going to be a cycleway going in from end to end at the same time as the expansion? That does not exist at the moment.

Mr Pittar: My understanding is that the project involves a cycleway.

Senator LUDLAM: Was that part of the Western Australian government's application?

Mr Pittar: That is my understanding. It was part of the overall project proposal report that came to us from the Western Australian government.

Senator LUDLAM: I have a couple of regional questions first and then I will return to road funding. The WA government has a proposal for a port at Point Torment in the West Kimberley and Oakajee in Western Australia's midwest. Have either of those been passed onto you out of the Infrastructure Australia process?

Mr Mrdak: No.

Senator LUDLAM: So both of those are still in the assessment phase?

Mr Mrdak: Yes.

Senator LUDLAM: The Northbridge Link sinking of the rail line is in your hands now?

Mr Mrdak: That is correct. The Commonwealth is funding that project, which is now under way.

Senator LUDLAM: Can you tell us, from your point of view, what the budget tells us about how you are disbursing those funds?

Mr Jagers: The Australian government is contributing \$236 million to the Perth City Link project. That funding is within the current program of works. The project is advancing very well. At the moment, I understand they have finalised the tender arrangements for major construction.

Senator LUDLAM: Do you know who the major tenderer is?

Mr Jagers: Yes, it is John Holland and GHD consortium. They will be rail alliance partner. Construction is expected to commence in September this year.

Senator LUDLAM: When is it scheduled to conclude?

Mr Jagers: Mid-2014.

Senator LUDLAM: As far as I am aware, this has been spoken about since about 1911. It is going to be great to have that underway and completed. The ministerial statement on the Nation Building Program says:

The Gillard government is rolling out the biggest road construction program since the creation of the national network 40 years ago.

CHAIR: Great, build more roads and create employment.

Senator LUDLAM: This is quickly slipping into satire because I am going to take this conversation in the opposite direction to where the chair would like to go.

CHAIR: Okay, you have the call.

Senator LUDLAM: The minister goes on:

We have almost doubled the roads budget, with three quarters of the funding earmarked for projects in Regional Australia.

That is, about a quarter of the funding earmarked for urban freeways and road projects where it is the largest construction program in 40 years. Is your department familiar with the concept of peak oil?

Mr Mrdak: Yes.

Senator LUDLAM: So what is going on?

Mr Mrdak: In relation to peak oil?

Senator LUDLAM: Yes, in relation to peak oil and the biggest road construction program in 40 years. Is there any contradiction inherent in those two concepts?

Mr Mrdak: I do not believe so. As discussed previously, the Australian government has a very large investment program. Since 2007, the Australian government has made a conscious decision to invest significantly in urban public transport, particularly heavy rail.

Senator LUDLAM: I am going to take to the public transport part of the portfolio soon.

Mr Mrdak: I want to give you quite a comprehensive investment picture.

Senator LUDLAM: I have got that.

Mr Mrdak: I do not believe there is an inherent contradiction in that. The growth of road traffic in Australia and the future demands of road traffic warrant significant investment in our road network.

Senator LUDLAM: Tell us about the future demands. I understand recent growth and it is the future demands part that unfortunately is the collision with the peak oil concept. The future demands are probably delusional.

Mr Mrdak: I do not think that is right.

Senator LUDLAM: Where are we going to be getting our oil from?

Mr Mrdak: For a decision on what alternative fuel sources may be available, a whole range of technological and vehicle investment decisions are taken. I do not think anyone is suggesting that peak oil, if and when it is reached, will reduce demand for private travel. The reality is consumers look to alternative modes of power source for travel.

Senator LUDLAM: No, they will look to public transport. As to your saying 'if and when', the International Energy Agency said the rollover for conventional oil was 2006. We are not having the if-and-when conversation any more.

Mr Mrdak: I do not think that debate is completely closed. Setting that aside, the reality is that we are seeing a massive investment taking place in alternative fuel sources and alternative power sources. We have seen significant investment by the car manufacturers in electric power and fuel-cell technology, all of which will continue to provide private mobility. I do not disagree with you that the future direction will involve a significantly greater use of public transport in Australia. That is a significant part of government's agenda, but I do not think you can simply assume that a move away from traditional fossil fuels will of itself necessitate and lead to a reduction in demand for private vehicle use. Human beings have been remarkably adept at finding alternative power sources. I think you only have to look at

periods when there has been oil scarcity or price increases to see the behavioural changes and technological shifts that have taken place. I do not think it is as clear cut as you are pointing out.

Senator LUDLAM: I guess we will get to find out fairly shortly. The library gave us a rough estimate of the roads to rail ratio of spending over the whole 2011-12 budget. Some of that is within your portfolio and I recognise some of it is not. They said it was about \$5.3 billion on roads and \$1.22 billion on rail, nothing for bike paths although I have just been contradicted by the information provided on Great Eastern Highway.

Mr Mrdak: Certainly on bike paths, as we have discussed, the Commonwealth recently funded a \$40 million program.

Senator LUDLAM: The Australian Greens got that into the stimulus package and when that bucket ran dry there was not a dollar left over.

Mr Mrdak: Sorry, the Australian government set up a program and has funded the program and, as we discussed a little earlier, many road projects incorporate active transport pathways.

Senator LUDLAM: I might have been asking the question wrongly in the last couple of sessions. Are you happy with that rough order of magnitude of a \$5.3 billion road funding budget?

Mr Mrdak: That is \$5.3 billion for the current year?

Senator LUDLAM: Yes, 2011-12 according to the library. They admitted that was a rough estimate because it is difficult to aggregate them across the different places where funding occurs. Is that more or less consistent with what you have?

Mr Mrdak: It is broadly consistent. We would be happy to give you on notice the details of the actual road expansion in 2011-12 vis-a-vis rail.

Senator LUDLAM: I would appreciate that. There are a couple of break-outs I am after which as far as I am aware are not in the budget papers at the moment. The first thing would be: can you break out what fraction of that \$5-odd billion on road funding has gone into the cycling infrastructure component?

Mr Mrdak: I will see if we can do that, yes.

Senator LUDLAM: If it is not possible to give us a dollar figure—although I imagine it probably is—then a kilometre figure would be helpful as well.

Mr Mrdak: We will need to seek that detail from the jurisdictions but we will undertake to do that.

Senator LUDLAM: That would be much appreciated. And is a spend of roughly \$1.22 billion on rail more or less consistent as well?

Mr Mrdak: In the coming year? Again, I will take that on notice. I think overall the Australian government's current program is around \$3.7 billion for rail, but I will take that on notice.

Senator LUDLAM: What I am interested in seeing—and what is very difficult to break out of the transport stats that are published by the Commonwealth and by the states for that

matter—is the spending on passenger rail and freight rail where they are different lines. It is very difficult to establish the make-up of that figure. Could you provide that for us as well?

Mr Mrdak: Over the full Nation Building Program?

Senator LUDLAM: Yes, I would appreciate it if that data exists. I presume that it does.

Mr Mrdak: We can do that. The freight rail investment is largely through the Australian Rail Track Corporation, although there are a number of nation-building projects which we have in cities and then the passenger heavy rail system we do under nation building and the light rail. We can give you that information. We will ascertain that.

Senator LUDLAM: That would be great. I understand there is also now a small but increasing fraction in light rail that the Commonwealth is funding as well.

Mr Mrdak: Certainly we are currently funding one significant light rail project, which is the Gold Coast rapid transport project.

Senator LUDLAM: Hopefully you will soon be funding one for Perth as well if we can get the state government to actually ask you for money. That will be for a future session. The well of \$40 million that you mentioned for bike paths is dry as far as I am aware. Can you tell us if there is anywhere else where the Commonwealth is spending money at all on cycling?

Mr Mrdak: That was an economic stimulus program. There are projects which we are funding and which I have undertaken to find for you that would incorporate active transport, but that would be done through the existing Nation Building Program for roads and the like.

Senator LUDLAM: If you are just rolling them all in together, firstly, that tells me that you will never be funding a cycleway unless there is a road attached to it, which is pretty poor.

Mr Mrdak: I do not think that has been the experience thus far. The \$40 million program funded a number of dedicated bicycle ways which were not linked to roads.

Senator LUDLAM: It did, but that money has gone. That program does not exist any more—

Mr Mrdak: That program has been completed.

Senator LUDLAM: unless we find a way to persuade the government to put some more money in.

Mr Mrdak: You said that we would never do that, but we have.

Senator LUDLAM: You have because that money went into the stimulus package. But as far as the reality exists at the moment, you are not able to describe any cycling infrastructure that is being paid for by the Commonwealth apart from that attached to a freeway somewhere.

Mr Mrdak: Apart from that in that \$40 million program and what is attached to it.

Senator LUDLAM: I really want to stop talking about the \$40 million program because it is gone. You have just informed us you are spending on the Great Eastern Highway upgrade in Perth. There is cycling infrastructure attached to that. I am happy to acknowledge that that is being paid for. I want to know how much across the whole spend is made up by cycling.

Mr Mrdak: We have undertaken to get that for you.

Senator LUDLAM: Thank you. Can you give us a quick update on the major public transport projects that you are funding at the moment?

Mr Mrdak: Certainly. There are very significant ones. I will get Mr Jagers and Mr Wood to advise. There are essentially a number. We have talked about the Gold Coast light rail project to which the Commonwealth contributed \$365 million. A contract has been awarded to the franchise operator and that is now getting underway.

Senator LUDLAM: That is a great story.

Mr Mrdak: It is a very good urban renewal project. We are also funding two significant heavy rail expansions in Adelaide—Noarlunga to Seaford, and the Gawler electrification. Both of those projects are underway.

Mr Jagers: Mr Wood will take you through a list of passenger rail projects.

Mr Wood: The Commonwealth currently has committed \$7.3 billion worth of urban passenger transport projects.

Senator LUDLAM: Is that over four years?

Mr Wood: That is over the life of the program. As was discussed earlier, that includes the Parramatta to Epping rail link, which goes beyond the forward estimates, so that is \$7.3 billion across the life of our programs. There is \$291 million for the Noarlunga to Seaford rail extension—that is an extension of approximately five kilometres through the southern suburbs of Adelaide to rapidly expanding suburbs south of Adelaide. There is \$293 million to the electrification of the Gawler line to the north of Adelaide—it is the major rail line north of Adelaide. There is \$2.1 billion to the Parramatta to Epping rail link, a \$20 million contribution for a study of the cross-river rail link in Brisbane, \$742 million for the Moreton Bay rail link in Brisbane, \$3.2 billion for a regional rail link in Melbourne, \$365 million for the Gold Coast light rail link, \$236 million for the Perth City Link—the Northbridge proposal you were talking about previously—and \$40 million for a study of the Melbourne metro.

Senator LUDLAM: There is not a lot of new stuff there. Does the Commonwealth spend anything at all on behaviour change—TravelSmart-style stuff?

Mr Mrdak: Not in this portfolio.

Senator LUDLAM: In some other portfolio that you are aware of?

Mr Mrdak: I would have to check.

Senator LUDLAM: Strictly speaking that is not infrastructure, but if you would check for us—I have never managed to find a dollar in anybody's portfolio.

Mr Mrdak: We have recently, as part of the national urban policy, announced the new managed motorways program. That provides ITS, which is designed to ameliorate some of the traffic flow issues, but I think you are going to a different type of behaviour change.

Senator LUDLAM: I am—getting people out of cars, rather than in them more efficiently. What can you tell us about high-speed rail? There is \$14 million in the implementation study in the budget. Is it with you folk yet or is it somewhere else?

Mr Mrdak: That is well underway. The study has two components. The first component is in this financial year. We commissioned AECOM, a consortium, to undertake the first stage of the study for us. That study has been ongoing since late last year. In accordance with the government's announced time frame, the first phase of that study, the study report, will be released around July or August this year, we anticipate. It is nearing completion of this stage of work. The first stage will include an examination of a high-speed rail network from

Brisbane through Sydney and Canberra to Melbourne along the east coast. The study report will provide indicative preferred corridors and station locations and also high-order costs, based on analysis to date. That study report, including some assumptions around patronage and infrastructure investment requirements to meet that patronage, will be available—we anticipate, and the minister has advised that he intends to publicly release the report—around late July or August this year.

The second stage of the study, which will be the more detailed work over the next 12 months, will build on the first. It will include much more detailed corridor examination, including preliminary geotech examination, because, obviously, this was done in a very truncated way for the first stage. It will also include much more detailed economic and financial analysis of the project. It is due to be completed by the middle of next year.

Senator LUDLAM: As soon as you publish that, you are going to need to engage community consultation, presumably. You are going to need to go out to some of the places you are proposing to send the line through. Is that part of your work plan for the second half?

Mr Mrdak: It would depend on the decisions of government, at this stage. As I say, this is very much a feasibility implementation study. One of the decisions will be for government—not just for the Commonwealth government, obviously. The study closely involves the New South Wales, Queensland, Victorian and ACT governments, who are all on the reference group I chair for the study. Those decisions are yet to be taken. But you are right: this first stage will have an indicative corridor, based on some indicative early modelling, given we have a very short period for this. But, once the report is made available, we will then be talking to potential communities which are on the corridor alignment.

Senator LUDLAM: Are you going to have one corridor or option A, B and C?

Mr Mrdak: The study has undertaken a range of assessment options. We have looked at a whole range of corridors. The first stage of the study will actually have a preferred corridor. That will be a very broad corridor because of its nature. We have not done the detailed geotech. It will largely be done off the back of modelling and for the next stage we will go into more detailed geotech examination of the feasibility of that corridor.

Senator IAN MACDONALD: Are you going off the topic of high-speed rail now?

Senator LUDLAM: No. But by all means—

Senator IAN MACDONALD: The two reports in will depend on a cost-benefit analysis, I assume?

Mr Mrdak: That is right.

Senator IAN MACDONALD: It is a bit like the NBN: everybody wants fast-rail traffic, but it becomes a question of whether the nation can afford it. There will be a cost-benefit analysis as part of the assessments being made?

Mr Mrdak: That is correct. The first stage will include what we believe is a fairly realistic range of capital costs and operating costs for the network. They will be broken into segments. Essentially, we have broken into the network from Brisbane to Melbourne, but broken into segments Newcastle-Sydney, Sydney-Canberra, Canberra-Melbourne, Brisbane-Newcastle as part of the network. The final report will include capex costs and operating costs for each of those. You are absolutely right: the more detailed work will need to be on the second stage,

which will be some of the more detailed economic and financial analysis as to the revenue available, based on patronage forecasts and the like. That will then be a matter for governments to consider, whether they do decide to invest in fast rail in the future. It is fair to say, based on world experience—it is no secret and the minister has publicly said—that fast rail is very, very expensive. We know that. It will be a matter for the community as to the costs and benefits of investing in fast rail.

Senator IAN MACDONALD: I have just been looking at some fast rail in Europe. It is a fabulous way to travel but, when you are dealing with 250 million people in Europe, as opposed to 20 million people in a much wider area, economies have to be looked at.

Mr Mrdak: That is right. I think the important thing is that, even in Europe, they are not recovering the capital cost.

Senator IAN MACDONALD: That is for passenger rail. Is this study looking at fast rail for both passenger and freight?

Mr Mrdak: It is passenger, essentially. The system may well free up capacity on existing lines for additional freight but, at this stage, we do not see a great market for fast freight. It is certainly not a major revenue stream at this point. It is focused on passenger traffic.

Senator IAN MACDONALD: Good luck; I hope it comes to fruition. But you would have to look at the figures carefully. AECOM is an international engineering group. I take it that it would have experience in Europe and America?

Mr Mrdak: That is exactly right. One of the reasons we selected AECOM is that they were able to bring a lot of international experience. They have people who are on their study team who have experience in Europe, China and also have some people who worked in the US on its planning for fast rail. So we have a very experienced international team. It has an international reference group component. We also have two international experts who provide independent advice to the department: Andrew McNaughton and Dick Bullock. They have very great experience in both the European and Chinese development of fast rail.

Senator IAN MACDONALD: This would be like telling the engineers how to suck eggs, I guess, but the glory of high-speed rail in Europe is that you can get from the centre of one city to the centre of another city. You do not land at an airport and then take two hours to get from the airport to where you want to be. The Canberra-Sydney fast rail a few years ago was a great concept but, regrettably, the figures never even got close to stacking up. So it is good that the study is being undertaken and I wish it well. I hope it comes to fruition, but you would have to be sceptical.

Mr Mrdak: In the long term, it is an important investment we are going to look at, at some point, as a nation. You are absolutely right. The station location is critical. We are looking at station locations in each of the major centres to try to get the optimum station location, which balances capital cost, corridor access and patronage. In locations, we are looking at whether they link to the airport or the CBD or, in some cases, a second CBD area in a city, because fast rail is also quite an important urban development issue. So those types of issues come into play. The report, which will be available later this year, will contain a range of options for station location and the relative merits and costs of each of those.

Senator IAN MACDONALD: One of the cost savings would perhaps be extensions to the Sydney airport. If you had a fast rail connection between Sydney-Brisbane, Sydney-Melbourne and Sydney-Canberra there would be huge savings, I would imagine.

Mr Mrdak: It very much depends on the time frame at which fast rail becomes available. Sydney airport has some very immediate capacity constraints now. The question is: when would a fast rail network be available vis-a-vis the need for additional aviation capacity now? That is the real trade-off that will need to be examined. We have a study being undertaken of Sydney's aviation needs and we are working quite closely to make sure the assumptions which underpin both pieces of work are consistent.

Senator IAN MACDONALD: It is a pity you are stopping at Brisbane. It would be fabulous if you had a fast rail from Canberra, Sydney and Melbourne to North Queensland to get people up there, out of the cold, for winter. It would be a great initiative for the country. No comment required!

Mr Mrdak: The capital cost would be large!

Senator LUDLAM: You have touched on one or two of the issues I wanted to close on, one of them being the land value of urban development opportunities you get from bringing a fast rail station into a city. Are you looking at innovative funding options such as those being used in North America, Japan and Western Europe whereby the Commonwealth government or state governments can recoup some of the value uplift that you get when you bring a station into a city?

Mr Mrdak: This will be looked at much more intensively in the second stage of the report. We have a team of architects, working as part of the study team, looking at station design in a way which maximises the value uplift to the station location. In the second stage, we will also look at the scope for private financing given that, by any measure, government financing is unlikely to be available for such a large project in a short period of time. We do need to look at that but, at this stage, most of our value capture is looking at the urban locations, not at a lot of the route.

Senator LUDLAM: That is kind of what I meant.

Senator IAN MACDONALD: If we saved a bit on the NBN we could put it into this.

Senator LUDLAM: We could save a bit on fast rail by not taking it to Queensland. If you had the go-ahead that this fast rail spine was going to be built up the east coast of Australia that would profoundly change your thinking, I would presume, on other transport and infrastructure projects. If that gets built it is going to be a major centrepiece of infrastructure for transport and will allow other railway lines to be freed-up for freight and so on. You are spending billions and billions of dollars in the absence of a green light on this project, which would be a bit of a keystone if it is built. How are you accommodating that? What kinds of assumptions are your planners building in?

Mr Mrdak: The first thing is to complete this stage so we fully understand what the cost and deliverability timeframe would be on a fast rail network. I think that is critical. We are currently facing the issue of capacity pressures on all of our transport modes as the growth of our transport task takes place. As I indicated to Senator Macdonald, talk in the past has been: 'Would a fast rail network obviate the need for additional aviation capacity in Sydney or elsewhere?'

Senator LUDLAM: That is a brilliant question.

Mr Mrdak: The reality though is the timing issue. When would a fast rail network be available, given the pressing and urgent need to expand airport and aviation capacity for a growing market? Similarly, we have traffic pressures on all of our major network roads and rail systems. So it is not an either-or matter. You have to continue to invest in all modes because they will all continue to face demand growth. You are absolutely right—a fast rail network, if and when it was available, would be transformative. That has been the experience in Europe—there is no doubt of that—but Australia also has a number of other conditions which are quite different, and Senator Macdonald alluded to some of those: a relatively small population base and highly efficient other modes of transport which are much more effective competitors in our market than they are in some other parts of the world. So you have to factor that in, because that does fundamentally affect your patronage shift.

Senator LUDLAM: It also depends on what your future oil price assumptions are, which brings us back to where we started.

Mr Mrdak: True. You also have to factor in what the available price would be to the consumer of a fast rail network vis-a-vis other modes. No one is suggesting that a fast rail network would be significantly priced below air travel. You have to work on the basis that if you look at relative ticket prices, unless there is going to be massive public subsidies, you cannot presume that fast rail is going to underprice aviation. In fact, that is not the position internationally. That goes fundamentally to your decisions, because all of the advice is that we have to be able to link our major cities in under three hours, and that is very difficult to do unless you have a fast rail network operating at 300 kilometres an hour plus. It is also costly, because the higher the speed, the higher the cost. That is why I say that the interplay with other transport modes becomes quite critical.

The patronage forecasts we are doing are based on some presumptions of modal shift and also traffic growth, but at the end of the day whether that occurs is very much based on price, and it would be illusory to presume that the cost of a high-speed rail ticket is going to be like the current cost of a rail ticket; it cannot be.

Senator LUDLAM: An air ticket, you mean?

Mr Mrdak: I think some in the community believe that a fast rail ticket can be purchased at the same price as a current rail ticket; it cannot. Similarly, fast rail tends to price at or above the air price—usually well above the air price.

Senator LUDLAM: In an age of very, very cheap aviation.

Mr Mrdak: But also unique demand circumstances in Australia, where aviation is the most effective way to move large numbers of people effectively between our major cities.

Senator LUDLAM: I understand. I very much look forward to seeing the report in July or August. Go well with that. I will leave it there.

Senator IAN MACDONALD: Thank you for your answers to questions on notice. Could I just follow up quickly a few of them. On the Townsville port authority: you gave me some information on the money that has been provided by the Australian government. There is \$4 million, and then others are putting in money. Any idea yet on when that is likely to start turning sods?

Mr Jagers: The Townsville port access road—is that the program you are referring to?

Senator IAN MACDONALD: No, the Townsville port. But you can give me the Townsville port access road while you are at it.

Mr Mrdak: We will do the port first, and then we will do the access road.

Mr Pittar: Senator, I will deal with the Townsville port. The construction for that project is expected to commence later this year—it is currently projected for October 2011. That is the project that the Australian government is contributing a full \$1 million to through the nation building project. There is Commonwealth funding through other portfolios for that project too.

Senator IAN MACDONALD: Yes—through Defence.

Mr Pittar: Correct.

Senator IAN MACDONALD: So October 2011?

Mr Pittar: That is our current understanding.

Senator IAN MACDONALD: Does the money go to the Townsville port authority or to the Queensland government or—

Mr Pittar: We will fund our \$4 million via our existing agreement with the Queensland government; so our \$4 million will go to the Queensland government for on-forwarding to the Townsville project.

Senator IAN MACDONALD: I see that your answer last time said that the Queensland government has transferred its full contribution to the port authority on 11 January this year.

Mr Pittar: That is what our response to you said. That is correct.

Senator IAN MACDONALD: And the Port Access Road?

Mr Jagers: The Australian government allocated \$95 million to that project. Construction started in September 2009 and will be completed in late 2012.

Senator IAN MACDONALD: Not much activity there.

Mr Jagers: There were two stages of the project; the first stage is finished, and construction commenced on the second stage in July 2009, as I understand it, and that should be completed in mid-2012.

Senator IAN MACDONALD: Here is a killer of a question: does the Commonwealth, as a contributor both through your department and through Defence, have any say in the naming of the bridge across the river?

Mr Pittar: My understanding of the naming protocol is that that largely resides with the state.

Senator IAN MACDONALD: There is a proposal around to call it the John McIntyre Bridge. John McIntyre was a very famous engineer originally from western Queensland, then Townsville. He formed partnerships which ended up being part of the AECOM organisation that we were just talking about. There is a major push for the bridge to be named in honour of one of the founding engineers. If you can put a tag on the \$4 million, they should seriously consider that name. I suspect the Queensland government is seriously considering it.

One of the election promises of the government was for a Magnetic Island walkway. Is that scheduled for funding in the current budget?

Mr Mrdak: That is not within our portfolio.

Senator IAN MACDONALD: You are suggesting that would be the environment department?

Mr Mrdak: It might be Regional Australia or with Environment. Sorry, I am not familiar with that project.

Senator IAN MACDONALD: It would be an infrastructure project. I cannot think why it would be Environment—and I said Environment, not you.

Mr Mrdak: It may well be with Regional Australia. If it is being funded through local government, it may well be through Regional Australia.

Senator IAN MACDONALD: Let me take it to this point: there is no funding in your department for the Magnetic Island walkway?

Mr Mrdak: No.

Senator IAN MACDONALD: The Mackay ring road study, again you have answered saying it is to be funded from the regional infrastructure fund. Has that work started?

Mr Jagers: The study has not yet started. In the budget there was a measure to bring money forward so that work could commence as soon as possible.

Senator IAN MACDONALD: In the next financial year, you are saying?

Mr Mrdak: That is right.

Senator IAN MACDONALD: And the work on the Mackay multi-use stadium? Again, this was in your answer to me last time.

Mr Mrdak: That is correct.

Mr Pittar: I think that in that answer we referred to the Mackay multi-use stadium as actually being a project that sat with Regional Australia, if my memory is serving me correctly.

Senator IAN MACDONALD: No, I do not think so. You said, '\$10.5 million has been allocated to the Mackay multi-use stadium.'

Mr Jagers: Just give us one moment while we check.

Senator IAN MACDONALD: Mr Mrdak told me last time, 'Mackay stadium project is under the Infrastructure Employment Projects program', which is with this portfolio.

Mr Jagers: We do have a project under the infrastructure employment program but it is a—

Mr Mrdak: We will get the further details, Senator. There is an IEP project and we will get the details of that for you, if that is okay.

Senator IAN MACDONALD: I am interested because you told me last time that the money had been allocated. Can I just get some time lines on who else is contributing, if anyone?

Mr Mrdak: We will get that as soon as we can.

Senator IAN MACDONALD: Thank you. You also rather cutely answered my question on the cyclone category standard for Building the Education Revolution building codes. Again, I am not sure why I was asking your department. Are you involved in the Building the Education Revolution building codes under the nation-building infrastructure investments? It is that program, is it not?

Mr Mrdak: I think it is done under one of the fiscal stimulus program items, so we do not have direct responsibility for it, no.

Senator IAN MACDONALD: My question was: 'Have those school halls in Northern Australia been built to category 5 level?' and your cute answer was: 'All projects under the Building the Education Revolution program have been built to conform to the standards which apply to school buildings in each state and territory,' which may well be correct, but it does not answer my question. I think the real answer is, 'No, they are not built to category 5; they are built to category 4,' which means that in Northern Australia in many communities we had these brand-new school hall buildings and not many other recently constructed major government buildings that could have been used as cyclone shelters, but people were not allowed into them because they were only category 4 and not category 5. If that is the case, it seems to me to be a wasted opportunity. Admittedly, category 5 is more expensive. But there was a promise made by the Queensland government to have a category 5 shelter in every community. That has not eventuated, of course, as with many of the things the Queensland government promised. But could you just confirm, wherever you got this information from, that they are in fact category 4 and not category 5?

Mr Mrdak: We will undertake to do that. I think that answer came from the education department, but we will chase that further.

Senator IAN MACDONALD: Would you tell them that I said that their answer was cute. It never happened in the old days, as Senator O'Brien will know.

I mentioned earlier today the funding for the Bruce Highway between Ingham and Cardwell over the Cardwell Range. It is a major project. It did seem to be going along well but it seems to have stopped. Do you know what the state of that is?

Mr Pittar: Senator, I am not aware that that Cardwell Range work has stopped. This is the work presumably that involves the raised roadway on the viaduct.

Senator IAN MACDONALD: Yes.

Mr Pittar: My understanding is that that work is continuing. It may just be that the work that is being undertaken at the moment has less visibility perhaps than when the viaduct itself was being put up.

Senator IAN MACDONALD: It might have been that I passed it a couple of weeks ago on a public holiday.

Mr Pittar: There certainly have been some adverse weather impacts on that particular project given its location near Cardwell. So it is running a little slower than was originally forecast, largely due to the impacts of cyclonic activity and monsoonal activity in the area.

Senator IAN MACDONALD: Could you perhaps on notice tell me what money has been allocated for 'flood-proofing' the highway between Townsville and Cairns? In particular, is there money for the Cardwell section of that road?

Mr Pittar: There are a couple of things in that area. We have mentioned the Cardwell viaduct just then. The other work involves—

Senator IAN MACDONALD: This is another one, 30 kays north, with the main road through the town, which was half washed away.

Mr Pittar: There has been a Herbert River floodplain study that has been undertaken in that region which is looking at alternative alignments for the Bruce Highway. That study has largely been completed and in the first half of April the Herbert River floodplain study findings were released which point to a preferred alignment to address some of the vulnerabilities of the Bruce Highway in that particular Herbert River floodplain area.

Senator IAN MACDONALD: You are consulting with locals on that. In Cardwell, which bore the brunt of Cyclone Yasi, half the main road was washed away. There was a proposal to put the main road round the back, which some people supported. But the townsfolk thought that if you did that it would ruin the commercial centre of this little coastal village. Whilst I am not saying which is right, I am not competent to, make sure you do get adequate local consultation on whatever is done. I am sure you will. Could you give me on notice, if that is easier, funding allocated to 'flood-proof' the highway between Townsville and Cairns?

Mr Pittar: We can outline projects that will have some flood mitigation effects in that area.

Senator IAN MACDONALD: I think I asked this earlier in a different form. I really want to know when the commitment was made, where it is at now and when the work is likely to be done.

Mr Pittar: We can answer in that format.

Senator IAN MACDONALD: Going a bit further south, \$40 million has been allocated towards upgrading the highway south of Rockhampton. I think that was mentioned in the budget. The suggestion made to me is that to do that work would require \$100 million, not \$40 million, for that project. How did the \$40 million come about?

Mr Pittar: On the \$40 million referred to, if I understand you correctly you are talking about the Yeppen roundabout, the intersection of the Bruce and Capricorn highways. That project involves measures to address congestion at the roundabout and to duplicate to four lanes with a new bridge across the Yeppen which would be at a higher level than the current bridge to assist with flood mitigation. We are awaiting a project proposal report from Queensland on that particular project and we would be anticipating that fairly shortly. That will give us more detail around costings in relation to that particular project. But that \$40 million that you asked about was an election commitment in the 2010 election.

Senator IAN MACDONALD: Okay. There is a renewed push for a third crossing of the Fitzroy River at Rockhampton following the difficulties in the flooding there. It is a proposal that was prominent in the early 1990s and has come back onto the drawing board. The Yeppen roundabout is part of all that infrastructure that should be taken into account. I just mention that in passing if you want to make a note of that. But further south from there the road between Rockhampton and Gladstone is in a very poor state, according to a campaign being run by the local daily newspaper which I would support. But there has been no money to upgrade the Calliope crossroads west of Gladstone, and this is despite promises made at the last election. Is there any prospect of funding for the Calliope crossing west of Gladstone?

Mr Pittar: The government has committed funding to the Calliope Crossroads project west of Gladstone. There is \$55 million committed out of the current Nation Building Program and at the 2010 election a further \$95 million was committed to that project out of the second round of the Nation Building Program. There is funding profiled for next financial year in relation to preconstruction and those sorts of activities. Funding is profiled out to 2014-15 and beyond with the bulk of expenditure occurring in 2013-14 and 2014-15. That would coincide, most likely, with the major construction, but actual construction start dates and end dates are still to be confirmed.

Senator IAN MACDONALD: How much is allocated for the 2011-12 budget?

Mr Pittar: \$15 million.

Senator IAN MACDONALD: Out of \$150 million?

Mr Pittar: Yes, out of \$150 million.

Senator IAN MACDONALD: That is for planning work?

Mr Pittar: We would expect, given the quantum of funding, that it would be primarily planning work.

Senator IAN MACDONALD: Again the Queensland government is doing that?

Mr Pittar: They are the responsible project managers.

Senator IAN MACDONALD: On the rest stops for the Heavy Vehicle Safety and Productivity Program: there was supposed to be \$70 million provided between 2008-09 and 2011-12 to build those stops. There were to be two rounds for the program, both of which have been announced. Is that correct?

Mr Jagers: Yes there have been two rounds and the projects have been identified for both rounds. There were 184 projects in the first round and most of those are now completed. Most projects in the second round are in planning or under construction.

Senator Carr: We have canvassed these issues.

CHAIR: Senator Williams did.

Senator IAN MACDONALD: I meant to ask at the beginning whether these had been asked while I was at another committee.

CHAIR: Your colleague actually gave me a serve on the way through.

Senator IAN MACDONALD: I know you have a great deal of interest in that.

CHAIR: I do.

Senator IAN MACDONALD: We get suspicious as to whether they are actually being built. Has anyone asked about the Moreton Bay Rail Link.

Mr Mrdak: We covered it briefly.

Senator IAN MACDONALD: Can you give me an update on that. As I understand it, there has been a deferment of \$59 million announced in this year's budget.

Mr Mrdak: I am not aware of a deferment. In fact the budget brought forward \$133 million of Commonwealth funding for the project—

Senator IAN MACDONALD: That is in fact correct, but when is the remaining \$59 million to be spent then? Is this for planning work or is this for actual construction?

Mr Mrdak: This is for moving to construction.

Mr Jagers: It is moving to construction. The project should be completed by 2016, but bringing forward the money enables the local government and the state to move the project forward and to get that work underway as soon as possible.

Senator IAN MACDONALD: So the balance of \$59 million is now profiled to be spent when?

Mr Jagers: The Australian government's contribution to the project is \$742 million and \$133 million was brought forward in the budget.

Senator IAN MACDONALD: Did the budget provide when the balance of that is going to be paid? Do the budget figures show which year the rest is to be paid?

Mr Jagers: The budget figures show the impact over the forward estimates period. So \$30 million 2011-12, \$20 million in 2012-13, \$83 million in 2013-14 and—

Senator IAN MACDONALD: A hell of a lot if you are going to spend \$742 million in the next financial year; is that right?

Mr Jagers: Yes. The 2014-15 figure is, I think, about the \$300 million mark—I will have to check that.

Senator IAN MACDONALD: That bringing forward was done in consultation with the Queensland government and Moreton Bay Regional Council?

Mr Mrdak: That is correct. It also involves Queensland bringing forward some of their contribution as well.

Senator IAN MACDONALD: How much is the Queensland government contribution?

Mr Mrdak: I think it is \$300 million or so.

Mr Jagers: The state is contributing \$300 million and the council \$105 million.

Senator IAN MACDONALD: So the \$30 million next year is more or less the planning work—photo opportunities and driving stakes into the ground, as happened the other day—is it? Is it mainly just planning, the \$30 million to be spent in the 2011-12 financial year?

Mr Mrdak: I think it is actually to move beyond the planning into some of the preconstruction and site access.

Mr Jagers: I understand the preconstruction and land acquisition work, where any land needs to be acquired for the project, will also be happening next financial year.

Senator IAN MACDONALD: Preconstruction means?

Mr Jagers: It might mean finalising the design, and planning .

Mr Mrdak: Moving on to site—establishing site boundaries and the like.

Mr Jagers: Relocating services where they are required—it could be a range of things.

Senator IAN MACDONALD: When would you expect, on current understandings, the project to be completed?

Mr Mrdak: The target completion date is 2016.

Senator IAN MACDONALD: Thank you. There are a number of questions I want to place on notice, but I will do that with the secretariat.

Senator WILLIAMS: I would like to take you back to the Pacific Highway, Mr Mrdak. The department's website states that, by 2014, 427.4 kilometres will have been duplicated, which equates to 63.2 per cent of the 663 kilometres. Is that figure accurate?

Mr Mrdak: Yes. That was the point prior to the additional money being made available in the budget.

Senator WILLIAMS: So that leaves 235.6 kilometres to be duplicated between 2014 and 2016, to meet a government commitment. Would you agree with that?

Mr Mrdak: That sounds about right. On the figures we have, and maybe our website needs to be updated, works remaining at this stage—and, as I say, this is very much dependent on what agreement we reach with New South Wales in relation to the additional \$750 million—if the current program without that was in place, 249 kilometres would be remaining to be duplicated, which is some 37 per cent.

Senator WILLIAMS: Remaining from 2014?

Mr Mrdak: From 2014, yes—some 37 per cent of the highway.

Senator WILLIAMS: That is the point I am getting at. So, in summary, between now and 2014, 94.4 kilometres of the highway will be duplicated—that is the work currently in progress—but, between 2014 and 2016, 235.6 kilometres will be duplicated. In the next three years we have got 94.4 kilometres to do and in the last two years we will have 235.6 kilometres to do. More than twice as much road will be duplicated in a shorter period of time for some projects which have not even been planned yet. How do you think that is achievable?

Mr Mrdak: The advice at this stage from the New South Wales government is that the time frame can be met, which is why the Commonwealth has put forward this additional money at this stage.

Senator WILLIAMS: Is that the current New South Wales government?

Mr Mrdak: Yes. It is a commitment by the current New South Wales government and the Australian government to seek to duplicate by 2016—or in 2016.

Senator WILLIAMS: There will be a lot of money budgeted to meet that target, won't there?

Mr Mrdak: It will require significant funds from both governments to meet that target. Hence, the Commonwealth additional money now is designed to deal with all the planning, and the things we discussed earlier about getting it shovel-ready across the whole length of it, as well as starting on some of the more critical projects like, for instance, the Eungai. But there is no doubt that both governments have to make significant additional budget provision if we are going to meet 2016.

Senator WILLIAMS: How do you define 'significant'?

Mr Mrdak: Mr Deegan mentioned today that greater than \$6 billion will be required to complete the project.

Senator WILLIAMS: I refer to your comments made in estimates in October 2009 in relation to estimates of the project cost for the duplication of the Pacific Highway. I think a figure of \$6.7 billion was an estimate at the time. I know that, in 2009, NRMA estimated the cost of the duplication at \$6.7 billion, and I note that a figure of \$6.67 billion in 2008 was

listed in Infrastructure Australia's report to the Council of Australian Governments in June 2010. I understand that this figure does not include the Coffs Harbour bypass or the F3 to Raymond Terrace project. Is my assumption accurate?

Mr Mrdak: That is right. The estimates that we have from New South Wales at this stage are that we would need an additional somewhere between \$6 billion to \$7 billion to complete the duplication after the existing \$750 million is committed and matched.

Senator WILLIAMS: Okay. What is the estimated cost of each of the F3 to Raymond Terrace duplication and the Coffs Harbour bypass?

Mr Foulds: They are not included in that because they are already duplicated. That is an additional bypass. To duplicate the Pacific Highway, we are not including the F3 to Raymond Terrace or the Coffs Harbour bypass, at this stage. In the calculations to duplicate the Pacific Highway, from Raymond Terrace to the Queensland border, Coffs Harbour already has four lanes and Raymond Terrace is already duplicated. So, for the purposes of duplicating the Pacific Highway, the remainder of the duplication has yet to occur and that is what the figures are based on. Those would then come afterwards.

Senator WILLIAMS: So you are saying that the Coffs Harbour bypass and the F3 to Raymond Terrace—

Mr Foulds: They are not related.

Mr Mrdak: They are not in the figures I have just given you for completion of the duplication of the rest of the highway.

Senator WILLIAMS: You do not have any estimated costs of doing the F3 to Raymond Terrace?

Mr Foulds: I do not have that information.

Senator WILLIAMS: Or the bypass of Coffs Harbour?

Mr Mrdak: I think there have been some indicative estimates put forward, but we do not think that they are robust, at this point.

Senator WILLIAMS: So your current estimate of completing the duplication of the Pacific Highway is—how much did you say?

Mr Mrdak: The advice to us from New South Wales is that, were the new money from the Commonwealth matched by New South Wales, we would still require somewhere between \$6 billion to \$7 billion additional new money from governments to complete the work.

Senator WILLIAMS: In the forward estimates has the government come anywhere near a close estimate to providing that sort of funding for the duplication?

Mr Mrdak: No, that would be additional money that would have to be provided in future budgets if both governments were to meet their target of 2016.

Senator WILLIAMS: So when we talked in 2008 about \$6.8 billion to complete the duplication of the Pacific Highway, with current expenditure—and it is forecast as \$67 billion—what would that make it?

Mr Mrdak: That takes you to around the \$8 billion mark. As I say, if you look at the money that is now being committed by the Australian government, the estimate is that we need another \$6 billion to \$7 billion to finish it.

Senator WILLIAMS: How much has the government committed to the duplication until now—money that has actually been spent and committed?

Mr Mrdak: In the current program, \$4.1 billion has been committed by the Commonwealth government. That is between 2007-08 and 2014-15.

Mr Foulds: That includes the new money.

Mr Mrdak: So, between 2007-08 and 2014-15, \$4.1 billion, at this point, has been either expended or committed by the Australian government.

Senator WILLIAMS: So there is going to be a lot of money coming forward, both state and federal, for the completion of the project by 2016—is that what you are saying?

Mr Jagers: There will certainly be allocation in this budget for the detailed planning along the whole route to be completed, which will be a major element of meeting the 2016 completion time frame.

Senator WILLIAMS: So the feds have committed \$4.1 billion—correct?

Mr Mrdak: Correct.

Senator WILLIAMS: And the New South Wales government is already providing \$500 million?

Mr Mrdak: That is right. In the current program, New South Wales is providing \$500 million, and we are waiting for their advice on whether they are prepared to match the \$750 million which the Commonwealth has now committed.

Senator WILLIAMS: Wouldn't that leave a \$2.1 billion funding hole? We talked about it going on to \$6.7 billion, even more—a bigger funding hole than \$2.1 billion now.

Mr Mrdak: That is correct. The \$6 billion to \$7 billion is on top of the \$4.1 billion already committed.

Senator Carr: The context is important here. The government has invested over \$4 billion. The previous government had 12 years to sort this out—they did review after review after review—and did nothing.

Senator WILLIAMS: Chair, we were going along quite well.

CHAIR: Senator Williams, you have to hear the minister out. You raised the question and the minister has a full right to answer the question.

Senator Carr: Senator Williams, you have raised some pretty tendentious points here. I think the context is actually important. You cannot say there is a \$6 billion hole in it. The government spent \$4 billion and you are constantly telling us we spent too much money. And, despite your record, you are now saying that we have not spent enough. Given that you did not do anything in government, it is a bit galling. I have been very patient, but there is a point where I do think I have to intervene.

CHAIR: Senator Williams, do you have any further questions?

Senator WILLIAMS: Yes, I do. Mr Mrdak, are you aware of recent media reports that a section of the highway between Tintenbar and Ewingsdale has cost \$30 million per kilometre?

Mr Mrdak: I am not aware of the media comments. I do not know whether that is an accurate figure. I am happy to check it.

Senator WILLIAMS: A closer examination of the figure shows that the total project cost—not just the federal government's contribution—increases to \$50.7 million per kilometre. So the total cost of the highway duplication would be significantly higher than the \$6.7 billion estimate. Who knows how many billion dollars it could be? It could be \$30 billion when we look at the cost of constructing roads today.

Mr Mrdak: The figures I have given you today are the latest figures we have. They are from the RTA and we believe they are solid figures.

Senator WILLIAMS: Does the RTA give the cost per kilometre?

Mr Mrdak: I think they do. A lot of the issues here are to do with terrain—stability of the soil and the like. The costing is largely done on sections, rather than per kilometre, because of the nature of the engineering that is required at a number of locations.

Senator WILLIAMS: On what date, and with what announcement, was the fifty-fifty funding split with the federal government abandoned? Sorry, I am getting ahead of myself here. Thank you for the details on that highway, but I would like to take you back to the Parramatta to Epping railway. I note that all the projects listed in the MYEFO for funding on page 188—the inland rail preconstruction study, the Moreton Bay rail link, the Richmond Bridge, the Princes Highway West upgrade, the Calliope crossroad, the Great Eastern Highway upgrade and the Tasman Highway upgrade—are either funded in budget paper No. 2 or confirmed in budget paper No. 1 as part of Nation Building 2. All except for the Parramatta-Epping railway line are listed. Is there any explanation for why the Parramatta to Epping railway line is not listed?

Mr Mrdak: As Mr Jaggers indicated earlier, it is because the funding in the current forward estimates is part of the contingency reserve in 2014-15 and it is a Nation Building 2 commitment.

Senator WILLIAMS: Thank you.

CHAIR: Thank you.

[15:33]

CHAIR: Will now go to Surface Transport Policy.

Mr Mrdak: Chair, can I just provide an answer on record to a question Senator Colbeck asked this morning in relation to some of the environmental issues for the Princes Highway East (Traralgon to Sale) upgrade. I undertook to find out the threatened species that were identified in the investigation. I am advised that the threatened species identified in the notification under the environmental assessment requirements include Gippsland red gum grassy woodland; matted flax lily; and floodplain, riparian, woodland and swamp scrub. A referral was made under the EPBC Act in September 2010 and a decision was made on 8 October 2010 that it was a controlled action requiring environmental assessment.

CHAIR: Thank you. Senator Williams.

Senator WILLIAMS: Can you provide us with an update, Mr Mrdak, on how the national heavy vehicle reform is progressing?

Mr Mrdak: Certainly. The Australian Transport Council ministers met on Friday. That was a very important meeting. Essentially, at that meeting transport ministers agreed to forward the intergovernmental agreement, which has been drafted, which is a critical piece of agreement which will have all of the states and territories and the Commonwealth agree to the formation of a national heavy vehicle regulator and also—

Senator WILLIAMS: Forward from when?

Mr Mrdak: Forward from the Australian Transport Council on Friday. It will go to COAG in the middle of the year for signature. So the recommendation from the Australian Transport Council is that it goes to COAG for signature. That agreement will provide the mechanisms for the establishment and the funding of the National Heavy Vehicle Regulator. It will also be an agreement which sets out how the jurisdictions agree on how the national legislation should operate, which is quite important, as you know, in terms of doing the template law. We are trying to ensure that we only have one piece of legislation which applies across all jurisdictions. That is all contained in the intergovernmental agreement.

Senator WILLIAMS: So that one-piece law will involve driver hours, axle load limits—

Mr Mrdak: That is right.

Senator WILLIAMS: The length of vehicles—

Mr Mrdak: All of that.

Senator WILLIAMS: The width of vehicles—whole regulation across the transport industry?

Mr Mrdak: We will have a single piece of legislation and regulations. The intention is that it be passed by the Queensland parliament later this year. If COAG agrees to the agreement—and we have draft legislation going out, we anticipate, around August, which will be a draft single piece of legislation—it will be passed through the Queensland parliament and then adopted by each of the other jurisdictions as a single piece of national law. That is the intention and that has been agreed. Also, on Friday, transport ministers agreed to the recommendations of an expert panel. To resolve all of the various differences between the jurisdictions on heavy vehicle law, we established an expert panel, headed by Bruce Wilson, from Queensland. That panel has done a fabulous piece of work over the last six to eight months.

They have actually identified in the order of—and Ms Gosling will correct me—340-odd differences between the jurisdictions which apply, as we speak, to heavy vehicles. They have found a way forward and we have managed to agree on all of the items for a single piece of legislation. On Friday the transport ministers agreed.

Senator WILLIAMS: So all the state transport ministers agreed?

Mr Mrdak: They have agreed the expert panel report.

Senator WILLIAMS: And territory ministers, of course?

Mr Mrdak: That is right. We still have some work to do, particularly around fatigue measures, but essentially we have made a lot of progress in my view on settling a number of outstanding issues. The expert panel has made some recommendations which will allow some jurisdictions to retain their local variations. For instance, there is one jurisdiction which requires inspection of vehicles preregistration. That happens in one jurisdiction. That

jurisdiction wishes that to continue, at least, as a transitional measure. Also, we have a number of local productivity variations in jurisdictions which jurisdictions will have locked in—that is, where jurisdictions such as WA or Queensland have particular local variations which provide for higher productivity, they will be able to retain those in the national model. So we have settled a number of those outstanding differences. The draft law is out for consultation. The National Transport Commission has been consulting on the draft law. We anticipate finalising that in the next month or so.

Ms Gosling: The consultation period closed on 6 May, but the National Heavy Vehicle Project Office and the National Transport Commission are currently continuing to undertake industry consultations. They are actually picking up on some of the key themes in terms of the public meetings and the submissions that were put in on the regulation impact statement and the national law. So they are actually following up with more targeted consultations with industry on some of those matters. That consultation is still ongoing, although the public period has closed.

Senator BACK: Can I just finish off that questioning, Senator Williams?

Senator WILLIAMS: Yes, absolutely. You know how much of a gentleman I am!

Senator BACK: Don't tell me you two are going to start arguing again about how far you have driven trucks! Can I just clarify the flexibility in jurisdictions other than Western Australia. I know there are concerns in the heavy haulage sector regarding some of this proposed national legislation, as it will impact on heavy haulage transport in WA that never goes across a state border. Could you just explain to me where you are with that process of consultation?

Ms Gosling: Yes, Senator. You are certainly correct. Western Australia has raised those concerns over a period of time in these negotiations. As Mr Mrdak said, the National Heavy Vehicle Regulator Project Office is working through, with the jurisdictions, a process for local variations to be recorded and picked up in some circumstances once the national law and the national regulator are in place.

Senator BACK: What is the nature of that sort of difficulty? Is it to do with fatigue and fatigue management or measurement?

Mr Mrdak: There are a range of local variations. Some relate to fatigue and driving hours. Some jurisdictions allow combinations which others do not. If at all possible, where there is clearly no safety issue and there is clearly a productivity benefit in that jurisdiction, the principle we are applying in the intergovernmental agreement and the legislation is, as Ms Gosling says, to let the national regulator allow those to continue. We do not want to disadvantage jurisdictions where they believe there is a clear need, and Western Australian long-haul transporters and livestock transporters in the Northern Territory and the like have some local variations, particularly around combinations and trailers, which we do not want to see reduced as part of the national law.

Senator WILLIAMS: Have you finished, Senator Back?

Senator BACK: Yes. Thank you for that.

Senator WILLIAMS: So there has been progress made which sounds good. Does this mean the new regulatory system will now take effect on 1 July 2012?

Ms Gosling: That is the date we are working to. It is possible that the regulator might be appointed sometime in the later half of 2012, but that is the date that the regulations should come into effect.

Senator WILLIAMS: So the national regulator will not be appointed till after that date?

Ms Gosling: They may be appointed in the second half of 2012.

Senator WILLIAMS: Can we have these new regulations nationwide without the new regulator being appointed? Will we have to wait until the new regulator is appointed?

Ms Gosling: That should happen sometime in 2012, with the new regulator in place and operational from 1 January 2013.

Senator WILLIAMS: I want to take you to some of the detail of the proposals for Queensland legislation. Do you know the detail of what the state ministers and federal minister have been discussing?

Ms Gosling: I am happy to try to assist you in the process. I may not know all the detail, but we will see what we can get.

Senator WILLIAMS: We have various driving hours; Western Australia has different ones from the outrageous conditions in South Australia and so on. Have they basically adopted the current Queensland regulations?

Ms Gosling: You are right; there were a number of different regulations around the country in terms of maximum driving hours. The expert panel has recommended a model that is really a more risk based approach that allows a bit more flexibility in terms of an operator being able to demonstrate to the regulator—

Senator WILLIAMS: You say driver hours are risk based—as in risk of fatigue, going to sleep at the wheel?

Ms Gosling: Yes.

Senator WILLIAMS: Okay. Can you give me more detail about the risk base?

Ms Gosling: Some of this is still, obviously, being worked through in detail, as I said, with consultations with industry and the detail of the next stage, as Mr Mrdak outlined. But, essentially, it allows for a mechanism where, rather than saying, 'It's 15 hours,' or 16 hours or 17 hours, if an operator can demonstrate to the regulator that they have put in place particular safeguards for particular services or routes for a particular journey, that can be endorsed by the regulator.

Senator WILLIAMS: You are implying self-regulation as long as the regulator approves it.

Ms Gosling: The regulator would have to be satisfied.

Mr Mrdak: This is for advanced fatigue management. You are still locking in your baseline of set driving hours; but if you go beyond, say, the 12 then you are into this advanced fatigue management regime Ms Gosling is describing.

Senator WILLIAMS: So the initial suggestion is a 12-hour working day?

Mr Mrdak: Yes.

Ms Gosling: Yes.

Senator WILLIAMS: I hope it is not built around the crazy situation in South Australia.

Mr Mrdak: No. This has largely been built around the Queensland model.

Senator WILLIAMS: As the South Australian model currently stands you can work only 12 hours in a 24-hour period, so if you start work at eight o'clock in the morning and work until eight that night you cannot start work before eight o'clock the next morning. If you start at seven the next morning you will have worked 13 hours in a 24-hour period and you face severe fines, which is simply not showing any flexibility whatsoever. That is why I say I hope it is not based on that crazy South Australian situation.

Mr Mrdak: No. As I said, in the draft legislation the expert panel has largely picked off the national model law Queensland practice. For things like short breaks they are trying to pick up the model that I think Queensland has been applying.

Senator WILLIAMS: Good. Now let us look at axle load limits. Can you give me an indication of what loading limits they are allowing on single trailer, tri-axle bogie drive?

Ms Gosling: We will have to take that on notice.

Mr Mrdak: We can come back to you fairly quickly on that.

Senator WILLIAMS: I am very interested in the volume loading of livestock. Queensland has volume loading. Are you familiar with that?

Mr Mrdak: Yes.

Senator WILLIAMS: I have been through this before. When they bring a load of heavy bullocks to the New South Wales border, they may have to unload 10 per cent of their load at Goondiwindi to travel another 120 kilometres, which is expensive, dangerous and time-consuming. Has there been any modelling as far as livestock loads go in relation to this Queensland model?

Ms Gosling: We will have to come back to you with those sorts of specifics. We will see if we can get you some information during the hearing.

Mr Mrdak: We will do that and we can get you a copy of the draft legislation as well.

Senator WILLIAMS: So that draft legislation will be going into Queensland parliament—it is obviously drawn up for the Queensland parliament—

Mr Mrdak: That is right.

Ms Gosling: Later in this year.

Senator WILLIAMS: That draft legislation has been made available for negotiations, comments et cetera.

Mr Mrdak: That is right. That is the process Ms Gosling has been talking about that has been going on over the last month or so. We will then take a draft set of legislation to the next meeting of the Australian Transport Council.

Senator WILLIAMS: You said that you expect legislation to go in about August before Queensland—

Mr Mrdak: I am sorry. I got the dates confused. The heavy vehicle legislation is out now. August is when the rail legislation will come—

Ms Gosling: The heavy vehicle national law is already available through the National Transport Commission website and has been there for the period of consultation. Submissions were open for about 10 weeks. Yes, that is available and we can certainly send that information to you. We will try to come back to you with some of the detail in regards to your questions on the loading.

Senator WILLIAMS: The good news is that all the states and territories have agreed to the draft proposals.

Ms Gosling: That is correct.

Mr Mrdak: They have certainly agreed to the methodology and the structure. Some of legislation we have to settle now in the light of the comments, but that is the intention.

Senator WILLIAMS: In relation to fatigue, I refer to recent statements by Minister Albanese in an address to the TW national conference with regard to safe rates. Have safe rates been considered as part of the national heavy vehicle reform?

Mr Mrdak: That is a separate process that is being handled through the employment portfolio.

Senator WILLIAMS: So it is not being proposed under the national heavy vehicle regulation?

Mr Mrdak: Not under the national heavy vehicle regulation, no.

Senator WILLIAMS: I understand that submissions to the draft risk assessment statement and the draft regulatory statement closed for comment on 6 May. How many submissions in response did you receive?

Mr Mrdak: Do you mean in terms of the safe rates?

Senator WILLIAMS: No.

Ms Gosling: No. The national law was closed on 6 May. It was the regulation impact statement and the national law for national heavy vehicles. Sixty written submissions were received by the National Transport Commission and the national heavy vehicle project office. During the 10-week consultation period they held 18 public forums and over 700 people attended those meetings around the country.

Senator WILLIAMS: How many attended the meetings?

Ms Gosling: About 750, from memory.

Senator WILLIAMS: I understand that some industry stakeholders have asked for another round of consultation to take place. Will this occur?

Ms Gosling: As I said before, the national heavy vehicle project office is as we speak undertaking follow-up consultations with industry. They are not necessarily public meetings. They are targeting, in terms of the submissions that were raised, those people who put in submissions on key issues.

Senator WILLIAMS: And we can expect the final laws to be released when? The final laws will obviously be the legislation that goes before the Queensland parliament; correct?

Ms Gosling: Yes, the Queensland parliament, but, as I said, the draft law is already on the National Transport Commission website and is available.

Senator WILLIAMS: But there has been consultation and comments, so there may be adjustments. I wonder when we could actually see the final legislation that will be proposed to the Queensland parliament.

Ms Gosling: I think to some extent that would depend on the consultations that are still going on. I would not like to say exactly at what period.

Mr Mrdak: Exactly, but we would be hopeful around late August, if we could.

Senator WILLIAMS: So the plan is: through Queensland parliament then through other states' and territories' parliaments by end of June next year so it can start on 1 July 2012?

Mr Mrdak: That would be our intention.

Ms Gosling: That is correct.

Senator WILLIAMS: If you correct get it right I think it would be good. When did this whole thing start—the different work diaries, different load rates? When did this consultation about the national scheme in Australia first kick off?

Mr Mrdak: The decision to move to a model of a national regulator was 2008. Before that, as you know, we spent 20 years trying to get harmonisation across jurisdictions. The breakthrough of trying to move to national regulator is from 2008.

Senator WILLIAMS: Has the department provided any formal or informal advice, research or other information in the last six months to DEEWR in relation to the proposed implementation of Safe Rates?

Mr Mrdak: We have certainly been involved. We have been involved in the discussions with the DEEWR portfolio and certainly in some of the consultation processes they have been running, but I do not know if we have provided formal advice as such. I will just check.

Just to clarify, we have certainly been involved in a lot of the discussions with them and we have provided some comments to them about the Safe Rates proposal.

Senator WILLIAMS: I will give you an example of Safe Rates so as to understand it. I might load up at Inverell and take a load of wool to Brisbane and charge \$2,000 and I might bring back some hay, for example, at the time of the drought and charge \$500. Safe Rates is about \$1,250 each way instead of being for the \$2,500 round-trip. Is that correct as far as payment, loading and balancing?

Mr Mrdak: I do not know enough of the detail, to be honest.

CHAIR: Can I be of some assistance, Senator.

Senator WILLIAMS: Yes, Chair.

CHAIR: I am happy to make a phone call for you so you can have a full briefing. I can get you a full briefing on Safe Rates, if that would be of assistance—to you from the Transport Workers Union.

Mr Mrdak: Senator, I am sorry, we do not have enough of the detail. We can try and get some detail for you, but I do not have enough of an understanding—and I do not think anyone here has enough of an understanding—of the detail of Safe Rates to be able to assist you. I think the chair may be the best placed—

CHAIR: I am more than happy to help you later, Senator Williams.

Senator WILLIAMS: I just need to get around that because we are concerned about the impact of the implementation of Safe Rates on the price of goods—for example, a litre of milk; things like that—when it comes to this rate charge. We certainly have some concerns over it.

CHAIR: Safety should come first. It is paramount.

Senator WILLIAMS: Of course. On high-speed rail, could you provide me with an update on the high-speed rail inquiry?

Mr Mrdak: Yes, we anticipate having the first stage report available in August this year.

Senator WILLIAMS: August this year—good.

Mr Mrdak: The second stage report will be around the middle of next year.

Senator WILLIAMS: It was going to be completed by July, was it? So it is going to be delayed?

Mr Mrdak: I am just trying to build in a bit of time there in terms of when the release will be done, but we envisage that the report will be completed in July-August and intention then is to release it.

Senator WILLIAMS: Moving on to shipping reform, could you outline your purview in relation to shipping industry reform and policy in Australia.

Mr Mrdak: Certainly. I might invite Mr Wilson to answer those questions.

Senator WILLIAMS: Mr Wilson is the shipping expert, is he?

Mr Mrdak: Yes, he is the shipping expert.

Ms Gosling: I can assist while Mr Wilson is coming to the table. The minister has established three industry reference groups to assist with the coastal shipping reforms. One is looking at the regulatory model, one is looking at the taxation arrangements, and one is looking at workforce skills and training. Those reference groups have been meeting since early February and those consultations are still ongoing as we work through the detail of those different elements of the package on coastal shipping reform.

Senator WILLIAMS: Has a regulatory impact statement been compiled in relation to the shipping reforms outlined at the 2010 election?

Ms Gosling: Not at this point, because the consultations are still ongoing.

Senator WILLIAMS: Is an RIS planned to be undertaken in the future?

Mr Wilson: The government has made a commitment to provide a regulation impact statement.

Senator WILLIAMS: Will that be made public?

Mr Wilson: The normal process of undertaking a regulation impact statement is to publish it, yes.

Senator WILLIAMS: So the RIS will definitely go ahead?

Mr Wilson: Yes.

Senator WILLIAMS: In relation to the three reference groups—the regulation reference group, the taxation reference group and the workforce and skills reference group—established

by the minister in January to assess key elements of the reforms, who is on each of these committees?

Ms Gosling: I have the lists here, and I might be able to have those tabled if that is of assistance.

Senator WILLIAMS: Is there much crossover between those three committees?

Ms Gosling: There are some organisations who are on more than one reference group, from memory.

Senator WILLIAMS: So there are some groups who are on more than one committee list

Ms Gosling: The regulation reference group is chaired by Mr Wilson from the department. It has David Parmeter, Managing Director of Teekay Shipping; Chris Sorensen, Managing Director of CSL Australia; Mick Kinley, Deputy Chief Executive Officer, AMSA; John Francis, a consultant who was previously with the Australian Maritime College; Teresa Hatch, Executive Director, Australian Shipowners Association; Peter Fitsoris, Manager, Marine Development, BlueScope Steel; Warwick Pointon, North West Shelf Shipping Services Company; John Evans, Shell; Robert Bird, Group Chief Operating Officer, ASP Ship Management Group; John Lines, Managing Director, ANL Container Line; Paddy Crumlin, National Secretary, Maritime Union of Australia; Peter Mannion, General Manager, Marine Operations, Rio Tinto; and Brett Whiteoak, Shipping Manager, BP.

The taxation reference group has, up until this week, been chaired by Gerry Antioch from the Commonwealth Department of the Treasury. He has just moved on to another job so that chair is about to change to Hector Thompson. In addition, on the taxation reference group other members are: Troy Ritchie, Director of Finance, CSL Australia; Brad Girando, Principal Advisor, Tax Advisory, Rio Tinto Marine; Neil Linwood, Chief Finance Officer, Carnival Australia; David Pearce, Senior Vice President, Commonwealth Bank; David Burns, Partner, Business Tax Services, Ernst and Young; Andrew Ethell, General Manager, Group Corporate Affairs, Toll Holdings; Iain Spittal, Director, PricewaterhouseCoopers; Angela Gillham, Manager, Industry Operations and Environment, Australian Shipowners Association; Joseph Homsey, Executive Vice President, Eastern Hemisphere, Farstad Shipping; and Paul Binstead, consultant.

CHAIR: Would it be easier for you, Ms Gosling, to table that?

Senator WILLIAMS: It would be easier for *Hansard* as well.

Ms Gosling: It would be easier for *Hansard* for the references and some of my pronunciations. I can table these, if you like, but I have not got to the third group.

CHAIR: Thank you. That will save some valuable time.

Senator WILLIAMS: How many times have each of these committees met since they were established?

Ms Gosling: It has varied with the different groups. To some extent, it has been left up to the chairs. I would probably want to take that on notice. I am not exactly sure, for example, how often the taxation reference group has met. Each group has met several times since 8 February.

Senator WILLIAMS: You might also let us know what proportion of the committee was there at those particular meetings? Could you do that as well?

Ms Gosling: Yes, if we can get the roll call for each.

Senator WILLIAMS: Has there been any consultation carried out between the committees?

Ms Gosling: In terms of the department support for the committees, obviously we have tried to ensure that there has been an understanding of where each of the groups is up to so that each of those elements are integrated to some extent. We have tried to make sure that that happens so that there is seamless consideration of each element of the package.

Mr Wilson: If I might add: on, I think, 8 February, all three groups met in the same location. All three groups attended a presentation from the department in terms of the overall objectives of the government's shipping policy and had report-backs from individual reference groups at the end. The groups will meet again—

Senator WILLIAMS: So they had a combined meeting; is that what you are saying?

Mr Wilson: They had combined and separate meetings on the same day. The groups will meet again on Monday next week, when they will get progress reports from each of the chairs of the separate task forces and will then have separate meetings following that.

Proceedings suspended from 14:00 to 14:15

CHAIR: Welcome back.

Senator IAN MACDONALD: Mr Mrdak, has any thought ever been given to and is there any need for the European system where, I understand, on weekends heavy transports even semi-trailers are not allowed on major highways or I suspect on minor roads between sundown on Friday to sun-up on Monday? Has any need ever been seen for such a system on all or, perhaps more importantly, selected Australian roads where weekend traffic is high with recreational traffic?

Mr Mrdak: I am not aware of any such proposal being considered. Some of the jurisdictions may have considered it. I know in some locations jurisdictions have, for instance, restrictions on heavy vehicles during certain times of the day. Some are in parts of Brisbane due to noise implications at night. I am not aware of any proposal to exclude them from certain roads over a weekend. I do not think that has been considered that I am aware of.

Senator IAN MACDONALD: There has obviously then never been any demonstrated need to restrict heavy traffic on weekends?

Mr Mrdak: No, and often in some situations there are some major productivity benefits of having heavy vehicles operating at certain times where they need to keep the freight moving. It is very much a balance. I know in certain high-noise or high-sensitivity areas jurisdictions have tried to get vehicles away from those areas rather than restrict their hours of operation. They have tried to get them onto alternative routes. As I say on certain roads in Brisbane at night I know they are precluded from.

Senator IAN MACDONALD: I suspect in Europe—and perhaps I should do some research on this—that it is banned on weekends so that people and family cars can have the run of the roads without the constant, never-ending stream of heavy transports that seem to run across Europe.

Mr Mrdak: It may be more practical in some of those European cities. In Australia it is very hard to manage given we generally have high levels of motor vehicle usage throughout the week anyway. It is probably not analogous, I do not think.

Senator WILLIAMS: In winding up these committees, what plan is in place to ensure a cohesive response to reforms from these three committees?

Ms Gosling: Senator, as Mr Wilson was outlining previously, we have had one joint session of the groups and another one is planned on 30 May. It is possible that there will be another one in June. Also, with the department we are having a series of bilateral discussions with the chairs and bringing information from one group to the other as needed.

Senator WILLIAMS: In May and June? I thought these committees were due to report back in May?

Mr Wilson: We have stretched the time between the first and second meetings to allow the individual reference groups to have additional time to work through some of the implementation issues. That will mean that the third meeting will not occur until June. Originally we had planned to complete the work by the end of May.

Senator WILLIAMS: So June will be the completion. Will those findings be made public?

Mr Wilson: It is unlikely that the reference groups will actually formally sign off a piece of paper to the minister. It is more likely that the reference groups will provide oral reports back to the minister, and it will be the—

Senator WILLIAMS: Oral reports?

Mr Wilson: Oral reports back to the minister.

Senator WILLIAMS: No written reports?

Mr Wilson: I do not envisage that there will be written reports at the end of it.

Senator WILLIAMS: Would it not be a little different if committees carried out investigation surveys and only gave an oral report to the minister? Wouldn't they normally give something in writing?

Mr Wilson: The reference groups are there, in part, for the department to actually work through a range of the implementation issues that go to the detail of the shipping reform package. What we envisage is that the chairs will provide oral reports to the minister at the end of the process, and that we as a department will draw together the material. That material will form advice to the minister. The department has—

Senator WILLIAMS: Why would they not give a written report? Is this just a five-minute chat with the minister? I just find it a bit strange that after months of negotiations and consultations et cetera you give an oral report to the minister and not a written report.

Mr Wilson: The department is providing secretariat services to each of the groups. It will be the task of the department to provide advice to the minister that will draw together all three of the reference groups and provide advice in writing.

Senator WILLIAMS: Okay. Will the advice from the departmental secretariats assisting these committees be made public?

Mr Wilson: That will be advice to the government, and in accordance with normal practice will not be provided as a public document.

Senator WILLIAMS: It won't be?

Ms Gosling: I can also add that in addition to the regulation impact statement, the minister has undertaken that the legislation that is developed for these reforms will be released for public comment.

Senator WILLIAMS: So when these committees give their oral report and the secretariats have written the report to the minister, what steps will be taken from there? Do you know?

Mr Wilson: As Ms Gosling has indicated, the step post that will be the development of draft legislation to implement the shipping reform package. That draft legislation will be made public and circulated for comment, and will then go through a consultation phase before the government introduces legislation.

Senator O'BRIEN: Is this the right place to ask about trading population? I wanted to ask about an issue which has been raised with me regarding the ineligibility of the owners of thoroughbred mares imported into Australia to obtain subsidy for their passage across Bass Strait, and the reasoning behind that.

Ms Gosling: I can assist with that question. Under the Tasmanian freight equalisation scheme, goods that are shipped northbound from Tasmania to the mainland have to be produced or manufactured or, obviously in this case, bred in Tasmania. For example, if a thoroughbred that had been bred in Tasmania were coming from Tasmania to the mainland it would be caught. If it had been shipped from, for example, Victoria to Tasmania for sale and then shipped back to the mainland it would not be caught within the current eligibility criteria.

Essentially, the program is designed to assist for goods or, in this case, livestock being shipped from Tasmania, where it had its genesis in Tasmania—it was produced or manufactured in Tasmania.

Senator O'BRIEN: So you say it applies to cattle that is bred on mainland Australia and shipped to Tasmania as well as to those bred outside of Australia. That is the exclusion.

Ms Gosling: That is right.

Senator O'BRIEN: Is that consistent with all other goods?

Ms Gosling: Yes, Senator. The schedule of goods that are covered by the scheme for northbound shipping from Tasmania to the mainland are all goods that have to be produced or manufactured in Tasmania.

Senator O'BRIEN: I see. That satisfied my question. Thank you.

CHAIR: Senator Colbeck, questions on surface transport policy.

Senator COLBECK: I have a couple of quick questions. Last estimates you gave me some figures on vehicle numbers, question on notice 49 and also 50. Just looking at some figures on the Bass Strait Passenger Vehicle Equalisation Scheme, the six-metre caravan category has effectively disappeared off the face of the earth, or the numbers have anyway, from May 2010. Was there a change in the classification of that process? There is nothing from July to December 2010.

Ms Gosling: I think I would have to take that on notice, in terms of whether there was some change at that point or whether somewhat mysteriously there were none to be recorded.

Senator COLBECK: There is none since and I wonder whether there has been any change from our perspective in the scheme or whether it is something that TT Line might have imposed. I understand you would not have that data.

Ms Gosling: I would have to take it on notice.

Senator COLBECK: Thank you. I think that will probably do me on that.

Australian Maritime Safety Authority

[16:29]

CHAIR: I welcome officials from the Australian Maritime Safety Authority. Senator Williams.

Senator WILLIAMS: Welcome, Mr Peachey. Can you please provide me with an update on moves to make AMSA the national regulator and standard setter for all commercial vessels operating in Australia?

Mr Peachey: Last Friday the ministerial council met and you will see in the communiqué from that ministerial council meeting that they agreed to go to the next step to set us up as the national regulator. That would involve agreement by COAG.

Senator WILLIAMS: So once again it is a case of bringing the states in.

Mr Mrdak: That is right. The ministerial council has agreed to send the draft intergovernmental agreement to COAG, also recognising in that that there are still a number of issues to be worked through with some jurisdictions. The Australian government has also provided in the budget funding to AMSA to establish its systems and get itself set up to become the national regulator from January 2013. AMSA now has work underway in relation to the drafting of national law provisions. So it is progressing very well. I think Mr Peachey might want to outline where the legislation is at, but getting the heads of government to agree is being progressed, albeit with some reservations by a couple of jurisdictions.

Senator WILLIAMS: So it is still on track to be introduced by 2013?

Mr Mrdak: Yes. That is our intention. Obviously it will very much depend on COAG and the signature by first ministers of the intergovernmental agreement at COAG.

Senator WILLIAMS: How long have COAG been discussing this issue?

Mr Mrdak: Along with the other regulators, this was first put on the table in 2008. The COAG decision to move to single regulators, including maritime, was taken in July 2009.

Senator WILLIAMS: How many times has the regulatory affairs reform group within AMSA met in the last 12 months to progress the matter?

Mr Peachey: There are a number of groups.

Senator WILLIAMS: Regulatory affairs reform group.

Mr Peachey: The regulatory affairs reform group, a division within AMSA, is a specific group there with the task of doing this work.

Senator WILLIAMS: So how many times have they met in the last 12 months?

Mr Peachey: They are part of my team.

Senator WILLIAMS: As far as progressing the matter, do they simply meet with you and discuss issues?

Mr Peachey: They draw a lot of expertise from all sorts of areas: they draw from within the organisation itself, they consult widely with the industry people and they work closely with the jurisdictions. They are basically the engine room that is working out the technical arrangements for this scheme. It is not a matter of saying, 'We'll sign an intergovernmental agreement.' There is a lot of technical detail involved about the nature of the scheme, what the regulation is going to be, how we get national consistency and the implementation and enforcement. All of that stuff is picked up by this work. Added to that is a lot of work on the legislation itself. We have been working very closely with the department to develop the legislative scheme that is necessary to underpin the whole arrangement.

Senator WILLIAMS: How many members are in the group?

Mr Peachey: I think there are about 10 or something like that. They are by and large contractors that we have brought in to do this. I could be corrected on that figure, but when I last looked down the corridor that is what it looked like.

Senator WILLIAMS: Are the state and Northern Territory maritime agencies part of the regulatory reform group?

Mr Peachey: We work very closely with them. We have brought into that team some state and territory people because they do have the expertise for this part of the fleet.

Senator WILLIAMS: Can you tell me what consultation has been undertaken with the National Maritime Safety Committee in the last 12 months?

Mr Peachey: We have taken on responsibility for managing the National Maritime Safety Committee. That was agreed by a resolution of the states and territories involved. They are effectively part of our organisation. We provide the secretariat support for that group. The committee has met a number of times. Their core business is around standards for the in-shore vessels we are talking about. I cannot give a precise figure on how many times they met, but they are certainly very much part of the team and the team effort involved in this.

Senator WILLIAMS: And what, if any, is the involvement of AMSA in the announced rewrite of the Navigation Act 1912? What role are you playing in that?

Mr Peachey: We provide technical support to the department on this. We manage the Navigation Act itself at the moment. We have our own experiences to bring to the discussion, so we tick-tack with the department regularly on the navigation rewrite.

Senator WILLIAMS: Can you explain the technical support?

Mr Peachey: The nature of the regulatory arrangement, the obligations imposed on pastors, the penalties associated with that sort of work—you are talking about a piece of legislation that is probably nearly a century old.

Senator WILLIAMS: Yes—99 years, to be exact.

Mr Peachey: It is certainly part of history, so we have got some good stories to tell about areas that need to be reformed. I think Mr Kinley wanted to mention something.

Mr Kinley: The Navigation Act currently gives effect to some very technical conventions, such as the safety of life at sea convention, which we implement in our day-to-day work. So we work closely with the department to make sure that the new legislation will serve our

purposes in giving effect to those conventions. That is all that technical advice around ships and safety and how all that works.

Senator WILLIAMS: Thank you.

Senator COLBECK: This process is effectively bringing all of the state regulation and Commonwealth regulation under one umbrella and would require the states to cede their powers to the Commonwealth under the proposed new act?

Mr Peachey: What has been agreed so far is that we will go down the applied laws approach. There will be legislation enacted in the Commonwealth parliament. The gap between the full extent of our constitutional powers and the remainder will be picked up by the states and territories applying that law in their parliaments as their own. So there will be two parts to this, but effectively the text remains the same. It will be amended through the Commonwealth parliament. It will be effectively in national law.

Senator COLBECK: To what scale does it apply down through the industry?

Mr Peachey: The definition we are working on at the moment is a fairly broad one and it picks up all commercial vessels.

Senator COLBECK: Can you name and shame those who have reservations at this stage?

Ms Gosling: As Mr Mrdak indicated earlier on Friday at the Australian Transport Council, ministers agreed to forward the intergovernmental agreement to COAG for signature.

Senator COLBECK: Some reservations, that was all. But despite those reservations we have moved to the next stage?

Ms Gosling: We have moved to the next stage.

Senator COLBECK: That is cool; I am happy with that. So the process would deal with issues like loadings, compliance with standards for loading of vessels, all that sort of stuff?

Mr Mrdak: It would essentially deal with all of the key certification of vessels, crew competency and licensing, operation standards for those vessels. It would all be set through the national law.

Senator COLBECK: Survey?

Ms Gosling: Yes.

Senator COLBECK: Obviously we have a number of different processes at the moment that are in place based on state jurisdictions. Where does AMSA's jurisdiction go to with respect to various incidents at the moment? Does it stop at the boundary of state waters? How far does the jurisdiction run at the moment?

Mr Kinley: Most of our jurisdiction at the moment comes from the Navigation Act 1912, which is a voyage based jurisdiction, so currently we pick up ships that are on international voyages, ships that are on interstate voyages or voyages components which are incidental to those voyages. For example, we will have jurisdiction of foreign flagged vessels that come into our ports, but there are cross-jurisdictional issues that you do run into with waterways management, for example, when the ship is actually within the waters of the port.

Senator COLBECK: Yes, and I think I will come to one of those in a moment. I have been approached in relation to an incident in north-western Tasmania, I think in 2007. It is one of those examples that might fall through the gaps of the process. It was the capsizing of an

abalone vessel and the death through hypothermia of the crew of that vessel. It was in inshore waters. Would AMSA get involved in that sort of incident?

Mr Kinley: Fishing vessels for operational safety are generally not under our jurisdiction; they would come under the jurisdiction of the state. Where we may have a role is in incident response. We run the national search and rescue coordination centre. However, that very much depends upon the nature of the incident and where it is. If it is in close inshore a fishing vessel may come under the state jurisdiction unless coordination is handed to us.

Senator COLBECK: So how would issues such as compliance with Australian standards for loadings apply?

Mr Kinley: Those operational issues are under the jurisdictions of the states at the moment. Those are the sorts of things that the national law will pick up.

Senator COLBECK: The concern in this particular circumstance was that vessel was rated to a certain standard. Had it been a recreational vessel, those standards could have been enforced but, because it was operating commercially, it was regarded differently. How would those various standards in the context of this particular process that we are considering now?

Mr Peachey: I do not know the details of that but it sounds like it might have been the other way around. I am not aware of any regulation governing recreational vessels. But, be that as it may, the future is all about a single arrangement covering all vessels that would be uniformly applied in the states.

Mr Kinley: And that will cover the survey standards and the operational standards that go with those vessels.

Senator COLBECK: I spent some time reading through this. The relevant standard that I am looking for is a vessel less than 7.5 metres in length, AS1799. I am reading from the coroner's report. Apparently AS1799 specifically deals with recreational vessels and is therefore deemed not to apply to commercial vessels.

Mr Kinley: This vessel was not under our jurisdiction, so I cannot comment on the specifics on that case. For the vessels that are under our jurisdiction we apply AS1799 because there is no equivalent standard. But the national system will allow us to deal with those sorts of issues on a national basis. The national standards for commercial vessels are a continually evolving set of standards as well. So the whole intent is that we move ahead and we have these national standards in place.

Senator COLBECK: So, had the proposed system been in place, would that standard have been applied to that particular vessel whether it was commercial or recreational, in the absence of another standard?

Mr Kinley: The intention is that we will cover all commercial vessels with standards that are appropriate to the risk. Whether that is AS1799 or an alternative performance based standard is something that I would have to go back and check the details for you.

Mr Peachey: I would just reinforce that we do not get involved in recreational vessels at the moment and we will not into the future.

Senator COLBECK: This is a commercial circumstance, which is why I am asking about it. The parents of the deckhand who unfortunately did not survive this capsizing are very distressed about the number of issues that were raised, including the non-enforcement by the

Tasmanian authorities of a loading standard, and the coroner's report refers to nonapplication of one provision based on something that leaves a vacuum in relation to these commercial vessels, which are ostensibly the same thing as a 7.5 metre aluminium dinghy. That is what we are talking about, but being used in a commercial circumstance it has a different set of applications. There were also a number of failures as part of that process as well dealt with in the report. What I am trying to get a sense of is how this process might lead us down a track where a form of standard is in place for safe loading and management. I would have thought that would have been part of what we are talking about as part of this process and also enforcement of those standards and maintenance of survey.

Mr Peachey: I do not know the details of that case. It is tragic if it is—

Senator COLBECK: I am not trying to lead you anywhere; I am just trying to get a sense of the intention of this process, and I understand that that is the intention of this process.

Mr Peachey: The intention is, should those requirements be necessary, that we will implement them uniformly around the countryside. As for enforcing them, we will be engaging the state jurisdictions to do that work on our behalf. They will be formally authorised under the national law. We will negotiate an agreement with the state agencies about what they will do, and that will go to things like priorities of compliance, of reporting and all of that, and there will be strict accountability back to us about what they have done. Through that, there are two outcomes. There would be uniform laws and there would be a uniform application of those laws, and we would be on their case to make sure they were implemented uniformly across the countryside. That would be our role essentially.

Senator COLBECK: This appears to me to be a gap in the system of one form. Have you identified any areas where things that perhaps could be done are not being done? I do note your reference to the safety of life at sea convention, which is obviously an important underpinning of all this process.

Mr Peachey: I think if we look back on the history of the NSCV—the standards that you are referring to—they have been developed over many years. They have been adopted in various ways around the countryside. There is not a uniform application of them, and my understanding is that some of them would not meet our requirements anyway in terms of drafting. My expectation is that we would spend some time in the transitional period going through all of those current standards and ensuring that they meet the national requirements in terms of legal drafting. Some of them have been intended not necessarily for the law but for guidance. We will shift that approach to ensure that they are drafted in a way that can be implemented and enforced under the law. There is a lot of work to be done in that area.

Senator BACK: Gentlemen, if you could clarify for me the role of your agency certifying vessels that will be coming into Australian waters. A vessel is converted in a shipyard in Singapore for the purposes of carrying livestock. It comes down to Australian waters. Can you tell me at what point AMSA has some interest or involvement in that process and what it is?

Mr Kinley: There are no international standards for the carriage of livestock. Australia I think is probably at the forefront of that process, because we have such a big industry, with setting those standards, which we do through our Marine Orders Part 43. It is illegal under the Navigation Act and the delegated legislation to carry livestock from Australia unless your

vessel is certified by AMSA as being compliant with those standards. Generally, if a ship owner is going to convert a ship in Singapore to engage in the Australian livestock trade, they will contact us and we will be involved from the plan approval stage to ensure ourselves that the vessel complies with those standards—

Senator BACK: And that would start prior to any conversion taking place.

Mr Kinley: Generally, yes. So they would contact us, we would be involved with that plan approval stage. When the work is done we will generally do an inspection to make sure that the ventilation systems work, the freshwater systems, that redundancy that we require works, and when that is all ticked off the vessel is certified by us.

Senator BACK: And would that certification process occur in the yard in Singapore or once the vessel arrives in Australian waters, at an Australian port? When would you undertake that examination and sign-off?

Mr Kinley: Generally, the shipyards will ask us to attend in Singapore and undertake that work. They can then hand the ship over to the owner, and the owner knows it complies.

Senator BACK: Right. And what expertise exists within AMSA to be able to determine ventilation rates, water points or damage that livestock might be able to cause to the proposed or actual watering system? On what basis are you able to make those decisions?

Mr Kinley: I would have to check when the first edition of Marine Orders part 43 or the previous regulations on the carriage of livestock on board ships came out, but we have been involved in that for many years and over these years we have done a lot of work on setting the standards which are contained within Marine Orders part 43. They are done in consultation with industry. Those Marine Orders set out things like the strength of railings, how big pens can be—because that can impact on the stability of the ship, if your pen is too large and livestock start moving around—and the redundancy that we need for freshwater supplies, the airflow rates and those sorts of things, again in consultation with industry and AQIS. So we are very much aware that there are things like the freshwater systems, which usually have automatic fill systems, that have to be suitable for the loads, which the livestock are liable to impact on, and have to be able to cope with movements of the ship at sea.

Senator BACK: You mentioned that that process is conducted in association with industry and AQIS. Is that in advance of the inspection and certification of the vessel?

Mr Kinley: Certainly at the standards development stage. That is what we enforce when we do the inspections. At the time of the development of Marine Orders part 43, all that consultation was done with industry and with advice from AQIS and what have you. So the standards are set at the time of the shipyard work. It is basically, 'These are the airflow rates you have to achieve.' It is a matter of them demonstrating that they achieve those.

Senator BACK: Once you have signed off on a vessel, is there any other authority in Australia above AMSA involved in the process? In other words, once certification has been granted—the ship was put to sea and it has arrived in an Australian port—is there anybody who can then overrule you, AMSA?

Mr Kinley: Yes. We have that role of certifying the ship, but my understanding is that AQIS can override us and say the ship cannot be loaded. They are the people who give that final tick-off for the ship to load, from an animal point of view.

Senator BACK: That goes to the very point of my questions. If AQIS, along with industry, have their input into your processes, then what is the basis on which AQIS can, at a later point—once the vessel has arrived in Australian waters—turn around and impose further conditions on a shipowner when he had the full expectation that, since AMSA has inspected, examined, certified and approved the vessel, it is allowed to go about the purpose for which the owner intended it?

Mr Kinley: We certify the ship up to a certain point, according to the standards which are agreed there, but we do not have that full, animal welfare role, and there are other things that we do not look into, such as the fitness of the animals to be loaded onto a ship—

Senator BACK: I can understand the importance of the fitness or health of the individual animals. That, as you say, is not something that can ever be predicted and can only be ascertained on the basis of an examination. I have no difficulty with that. There is frustration for the parties who have represented this to me. They would have expected, based on their knowledge of their input into your process and their knowledge of the input by AQIS into your process, that, once the vessel was certified to come into Australian waters, having regard for these standards that exist imposed by AQIS on loading rates et cetera for different times of the year, distances travelled and the voyage to be undertaken, it would be allowed to load that consignment. You are probably familiar with the case I am speaking about from last year or earlier this year. There is a deep sense of frustration at the very significant financial loss, so much so, in fact, that the owners directed the vessel to leave Australian waters empty, go to South America and pick up a consignment of cattle to honour a commitment for a new overseas markets, so we are not speaking of something inconsequential. The frustration that they voiced to me was just that—that they felt that the Keppel yard had undertaken everything required, they had met your requirements, they knew that AQIS had an input and all of a sudden a new set of conditions were imposed on them which made it impossibly uneconomic for them to be able to load that consignment.

From where I sit, I would like to be able to see that we can deal with those sorts of issues before we put 12,000 or 15,000 cattle into a feedlot only to have them not travel as a result of that. I understand you cannot comment on the AQIS action; I am just keen to know at what point we can improve the communication flow so that we prevent that sort of action taking place.

Mr Kinley: I am actually not across that issue, but if you give me details of that case I am sure I will find out about it when I go back to the office. We will certainly look into the circumstances of that so I can get across the particular case—I do not know whether it was a stocking densities issue or whatever.

Senator BACK: I would be happy to do that, thank you. As I say, the purpose of the question is to put processes into place in the future rather than be dwelling too long on the past. The second question I have—and, Mr Chairman, thank you for the time—is unrelated, regarding the wash-up after Montara. Can you advise the committee what actions have been taken as a result of your intervention in the Montara oil spill, again with the view of at least minimising the risk of a future event of that nature.

Mr Peachey: There has been a comprehensive review within government after that, as you would expect. That follows the inquiry that was undertaken by Mr Borthwick. We have participated in discussions on that, and the outcome of those—

Senator BACK: Was AMSA called in as a witness?

Mr Peachey: Yes, we were there. Our involvement was about the actual response, what we did and how we endeavoured to get coordination across all the players within government and actually clean up the oil. That has been our involvement in the subsequent discussions as well, so it has been only part of the issues that are being considered by government at the moment.

Senator BACK: Have there been changes in your standard operating procedures as a result of the report and its recommendations and the response by government?

Mr Peachey: I think it is fair to say that our response addressed the issues of the day. The Borthwick inquiry came out quite positively about how AMSA responded and did its stuff.

Senator BACK: It did indeed.

Mr Peachey: But there are obviously areas for improvement—there always are. Part of the work we are doing at the moment is reviewing the national plan. The national plan sets up the intergovernmental arrangements between the various levels of government on responses like that. The lessons learned out of Montara and the lessons learned out what happened in the US are all part of that discussion. There are basically two parts to that review: one is a risk assessment for the future and the other is a review of the plan to see where we can improve into the future. We will go about that very thoroughly and very openly and we will be having regard to whatever comes out of government's consideration of where to go next in this area.

Senator BACK: Did you send any officers to the Gulf of Mexico to observe or be part of that process?

Mr Peachey: Soon after it started we approached the US authorities. As it turned out, half the world was too, so we stood in a queue, but we did get over there as part of a team and we were very thoroughly briefed by the US Coast Guard. It was a very comprehensive exercise and helpful for us all.

Senator BACK: This is my last question: in terms of Montara, is it within the remit of AMSA to be able to observe what, if any, has been the long-term damage environmentally, or is that within the responsibility of others?

Mr Kinley: The environment portfolio has the scientific monitoring in progress, and it has been placing those reports on its website as they come in.

Senator BACK: Good.

Senator COLBECK: I want to come back to the national regulation for commercial safety. You have this regulatory affairs reform group that is working. What is the capacity for input into that process from outside?

Mr Peachey: We have been consulting over the last 12 or 18 months or so. Of course, the depth of consultation really depends on how far we are up to with understanding the details and getting resolution of some of the issues. We are now at a stage where we have a fairly clear picture of what the regulatory scheme will look like, we have an understanding among the states and AMSA about what our respective roles will be and who will be doing what, and we have an understanding about funding arrangements that will underpin that. The legislation is coming through at the moment, so we are now at a stage where we can go out and deal quite comprehensively with all the people that will be affected. The plan is that we will go

and consult with all the jurisdictions and the people involved over the next few months. It will be a two-stage approach. The first part will be fleshing out some of the issues and talking about the nature of the scheme. The second part will be about the legislation itself. So our expectation is that June-July-August will be the sort of time frame we have in mind. We will be doing a lap around major centres and the areas of commercial interest for the industry itself in that process.

Senator COLBECK: But what about getting across users and those that interconnect with the users? It might be oyster growers; you have a certain classification of vessel that they are using for their commercial purposes. It might be charter boat operators. It might be crab fishermen or anything like that. How are we dealing with that? More broadly, it might be somebody who is part of a crew or is associated with the industry. How do you get your fingers to that particular depth of the process?

Mr Peachey: In working with the states, we have developed an arrangement. We are engaged in the states' own consultative arrangements. In each state there is typically an advisory committee, a council or whatever, so part of our consultation is through that existing network as well, with the assistance of the state maritime agency or our counterparts who know the issues and the local concerns. So we are not just coming in over the top and setting up our own stuff; we are trying to work within the existing arrangements to do just what you are suggesting. We have to get to the people and the real issues.

Senator COLBECK: So you are going to the local knowledge and the practical knowledge of what is happening on the ground and what the issues might be and then drawing that information up through the process.

Mr Peachey: We are, and it has been supported by what I think are seriously good collaborative arrangements with our counterparts in the states. They have been with this consultation from the start and, as I said, they have offered up their own consultative arrangements to ensure we get to the local issues.

Senator COLBECK: So the best point of contact would be through a state consultative process at this stage.

Mr Peachey: In terms of the consultative process, yes, but we will be advertising. We will be in the local papers and on the local radio. We will be making it known that these consultations are occurring. They will not be the usual town hall stuff with people standing up and talking; there will be a discussion.

Senator COLBECK: You will be looking for submissions, effectively.

Mr Peachey: We are, and there will be discussions about what the main issues are. There will also be, on the second day, an opportunity for individuals to come and sit and talk one on one with people about their individual concerns and what it might mean for them. So we have worked hard to engage and not just talk to them; we actually want people to be part of the process.

Senator COLBECK: What is your time frame for that process commencing?

Mr Peachey: The latest, as I understand it, is around June-July-August. That is the broad time frame.

Senator COLBECK: So later this year.

Mr Peachey: Yes. June is pretty soon.

Senator COLBECK: I was not trying to imply anything at all. I am just trying to get a sense of the time frame. Tinny to Tanker: what is the progress on that particular process? That would be intertwined with some of the things that are happening with this other process, wouldn't it? There would be some crossover issues.

Mr Peachey: There are. As I think I have said before, Tinny to Tanker has been a while in the making. Partly because of the legislative scheme that is going to give effect to these reforms, the advice we are getting at the moment is that there will be two pieces of legislation governing the sector. One will be the rewrite of the Navigation Act, which covers the ships that we are dealing with at the moment and the issues and the qualifications and all of that. As I mentioned earlier, there will be this national law which will be adopted; it will be applied in the states. That will cover the smaller vessels and the crewing and loading and manning and all those requirements. We will still have the Tinny to Tanker, but the requirements for training and qualifications will be picked up in both of those pieces of legislation.

Senator COLBECK: And they will be designed to fit the varying classifications?

Mr Peachey: They will be designed. The overall intent is to have one uniform approach to a career path for mariners in the country.

Mr Kinley: So they will still have an Australian certificate of competency.

Senator COLBECK: At various scales as they work their way through the system?

Mr Kinley: Yes.

Senator COLBECK: Will that process look at maintaining or updating—updating is not really the right word I want—a competency at a level but based on new issues that crop up?

Mr Peachey: Senator, I have some notes; I am quite happy to go through them. Tinny to Tanker fairly easily rolls off the tongue, but it is a very comprehensive package of stuff to try to put together.

Senator COLBECK: I am just going back to this issue that I talked about before, this particular circumstance where it appeared that although there was a level of experience and training involved, the time frame between completing the training to improvements or new processes that have come into the sector in the intervening period, how those are maintained within updating of qualifications with technology improvements and things of that nature, for example. I just wonder how that might fit into the process.

Mr Kinley: What underpins the whole system is the national training package, which fits into the Australian training framework. That is continually updated to take into account those changes in technology.

Senator COLBECK: It can be quite a dynamic industry with technology changes from a whole range of perspectives, from vessel design to motors and equipment—all that sort of stuff.

Mr Kinley: And that certainly is the intent, that the training package is kept updated and brings those changes in. Of course the biggest challenge for us with the whole single national jurisdiction is going to be those transitional arrangements. We are going to be putting a national system together for all commercial vessels—some of which are currently not in,

some of which are out in some states—and bringing those into a system with transitional arrangements that keep people operating.

Senator COLBECK: Management of prior learning and experience and all that sort of stuff?

Mr Kinley: Yes, and all of those issues are a major project that goes with this whole single jurisdiction. It is working through all of those transitional issues because people—they are not happy if you come along and say, 'Well you've been doing that and now you suddenly can't'. We are very much aware of that.

Senator COLBECK: That is obviously a very important part of the process.

Mr Kinley: Yes.

Mr Peachey: Giving you a snapshot of what it is all about might be helpful. The benefits we anticipate will be the support of seafarer training and career progression through multimodal training assessment, including distance education, recognition of prior learning, and the use of current technologies for the Australian qualification training framework requirements; integration of national competency standards with international standards where applicable; increased scope to allow AMSA to regulate and issue new coastal certificates traditionally issued by the states and territories; introduction of a nationally consistent entry-level certificate of competency to meet the needs of industry while maintaining safety standards; and national consistency in training and experience. The benefits will also include rationalisation of on-the-job experience, the recognition of service on smaller commercial vessels and recreational vessels, as well as a broader recognition of service from non-traditional vessels like those of Customs, the Royal Navy and so on, and national certification allowing an AMSA certified seafarer to apply their trade in any jurisdiction in Australia without any barriers—and we have talked previously about the benefits of national approaches. It is expected that the 'Tinny to Tanker' approach will support industry sectors by streamlining application processes, ensuring standards reflect current changes in technology and industry practice—picking up the point you have just made, Senator—and it will provide a national approach to quality assurance of registered training organisations and coordination of audit programs of recognised RTOs between AMSA and the relevant state and territory RTO registration and course accreditation authorities. And I am looking forward to the day I can come back here, Senator, and say, 'We've done it.' That just gives you an insight into the quite broad scope of activities this involves and the quite wide benefits that we expect to flow from it.

Senator COLBECK: I understand it is an ambitious process. It has progressed since I first asked some questions about it 18 months to two years ago. Obviously the process is becoming much more refined and is taking into account some of those local level processes that might have been dealt with perhaps more at a high level previously. I appreciate that that is where we are going. How do they fit within the time frame? Is that within a similar time frame to AMSA assuming the mantle as the national regulator and standard setter?

Mr Peachey: We are keen to bring some of this to a conclusion. Our expectation is that the issues affecting the fleet that we deal with at the moment will be dealt with ahead of the smaller vessels. It will be done through a marine order, as was intended from the start. That work will happen in the second half of this year. For the 'Tinny to Tanker' work affecting the

smaller vessels, the ones that are currently covered by the states and territories, the timetable will coincide with the implementation of the single jurisdiction arrangements. So there will be two steps: the big end of town in the next six months; and the other vessels will be picked up as part of the single jurisdiction, and that would put it in January 2013.

Senator COLBECK: The marine orders development review fits in as part of this process?

Mr Peachey: The review of our process for marine orders? It does complement it. We have gone out and consulted and made suggestions about the future for the development of marine orders to ensure that what we are doing does provide a timely and predictable scheme for the industry. We are looking at publishing a work program for marine orders. We are looking at timetables for it. We are considering, for example, two rounds of public consultation, publishing all the findings, publishing our comments on it and getting the marine order process far better understood.

Senator COLBECK: This picks up the standards, it fits into the other process we were talking about.

Mr Peachey: Yes.

Senator COLBECK: So the standard that I referred to previously would be dealt with as part of this overall process?

Mr Peachey: It would be. The only difference would be that the example you gave before would be one dealing with state based vessels, typically, and the process that we are discussing with the states is that will go through a consultation through the ministerial council process.

Senator COLBECK: What we are talking about is lifting effectively everything that sits within that framework at the moment up to being managed through a Commonwealth sponsored process, with complementary work that happens underneath it in each of the state jurisdictions, with common application and common enforcement.

Mr Peachey: That is right. The only difference is the process for regulatory change for the small vessels, but because it is a highly collaborative scheme it is appropriate that we consult with the states and the ministerial council on regulations or marine orders that affect their fleet.

Senator COLBECK: The public submissions for the first stage of the process, for the development review, closed on 29 April. Can you tell us how many submissions you received on that?

Mr Peachey: I do not have those details.

Senator COLBECK: If you could give us that on notice, that would be fine, including an indication of the type of stakeholders that were involved. Once you develop a draft, it will go out to further rounds of consultation?

Mr Peachey: Yes, that is my expectation.

Senator COLBECK: Regarding the circumstance of the grounding of bulk carrier *Dumun* in Gladstone Harbour on 29 April—is that right—can you give us some detail around that circumstance?

Mr Kinley: That is being investigated by ATSB currently. They will make their report in due course. Their involvement, from the point of view of making sure the vessel was seaworthy before she sailed, was that there was a component of the steering gear that provides the signal that sends the helm indicator up to the bridge. The ship was quite new. This clearly had not been well secured in place and it had vibrated loose. The steering gear system was still working but it was not transmitting to the bridge the actual position of the rudder. That caused, I guess you would say, loss of situational awareness up on the bridge and the vessel drifted out of the channel. We detained the ship and board it, inspected it and ensured that the deficiency was rectified before we allowed it to sail again.

Senator COLBECK: We have had discussions previously about events and circumstances in and around Gladstone Port and the relationship with Mr Zussino's chair. Did any action have to be taken in relation to conflict of interest around this particular circumstance that occurred in April?

Mr Peachey: That issue was a strictly operational issue. That is something that we would deal with with our counterparts in MSQ. We would not involve the board in any decision-making on that.

Senator COLBECK: Can you describe to me the difference between that circumstance and the *Shen Neng 1* when Mr Zussino did step aside for a period of time while that process was occurring?

Mr Mrdak: The example of the *Shen Neng 1* was a situation where AMSA was taking a regulatory position which had implications for the port. Given Mr Zussino's role as the chief executive of the Ports Corporation, the view was reached that it would be appropriate for him to step out of his role in relation to those matters, and quite rightly. As Mr Peachey has indicated, none of the matters described in this incident relate to the Ports Corporation or anything in relation to—

Senator COLBECK: So they were not to do with the operation of the port; they were to do with the operation of the vessel?

Mr Mrdak: That is right, of the vessel, which is a normal regulatory process that does not involve him in his role as chairman and nor does it impact on the port. Therefore, it is completely different to the situation that applied a year or so ago in relation to the other incident, where there were directions being given to the port operator where, clearly, it was appropriate that he stand aside from any matters which relate to the Ports Corporation.

Senator COLBECK: Thanks, Chair.

CHAIR: There are no further questions.

[17:19]

CHAIR: I welcome the officers from Policy and Research, incorporating the Bureau of Infrastructure, Transport and Regional Economics.

Senator WILLIAMS: Heavy vehicle statistics; can the department provide statistics in relation to heavy vehicle accidents and fatalities by calendar year within the last 10 years?

Dr Dolman: We publish quarterly statistics on heavy vehicles, which includes that data. I can provide you with that data.

Senator WILLIAMS: You are wonderful. The number of fatalities involving articulated vehicles has reduced dramatically over the last 20 years, hasn't it? I was led to believe by about 55 per cent, even given the enormous number of trucks on the road today compared to 20 years ago. I guess there are now four or five times more trucks on the road than what there would have been 20 years ago, but I believe the number of fatalities has reduced somewhat.

Dr Dolman: That is correct; there has been a reduction. There were 127 fatal crashes involving articulated trucks. That is the latest figure—this is for the 12 months to September 2010—which is taken from the latest quarterly report that we have produced. That represents a 5.8 per cent increase over the one-year period and there has been a 3.4 per cent decrease over the last three years.

Senator WILLIAMS: You have those statistics for about 10 years, do you? It would be great if you could provide those. Just in relation to those accidents, do you have a breakdown of the cause of those accidents? Is it fatigue, is it speed, is it worn out equipment?

Dr Dolman: We do not publish the detail of that, but we do have a database which gives information on the causes. So, again, on notice, I could prepare all that.

Senator WILLIAMS: We would like to see that.

Dr Dolman: I could give you a rough breakdown of the categories.

Senator WILLIAMS: This is so you can get an indication of whether it is driver fatigue or simply bad driving, going too fast or whatever. It helps you to know what part to concentrate on?

Dr Dolman: That is correct. We have some broad categories.

Senator WILLIAMS: Does the department have any statistics in relation to the effect of chain of responsibility requirements on heavy vehicle accident rates and, if so, can you please provide details since the introduction of the chain of responsibility requirements. Would that be possible?

Dr Dolman: Could you just explain a bit more what you are after.

Senator WILLIAMS: On the chain of responsibility that we are looking at here—

Mr Mrdak: The chain of responsibility came into most jurisdictions around 2008 or so. So we will consider the figures that Dr Dolman will get for you. It is probably reflected in the three per cent reduction over that period. That is a reduction in heavy vehicle fatalities, Dr Dolman?

Dr Dolman: That is correct.

Mr Mrdak: It may well be captured in that. We will check that, so we give you the right figures, if that is the right period from when chain responsibility was introduced nationally.

Senator WILLIAMS: Could you also give me a breakdown, if possible, of the number of chain of responsibility breaches that have been recorded per calendar year since the introduction of the chain of responsibility rates. Would that be possible?

Mr Mrdak: To be honest, I do not know whether our data collection would go to that, but let us check. Let us see what we have got and we will come back to you.

Senator WILLIAMS: That is all, Chair.

[17:25]

CHAIR: Perhaps we could get the Major Cities Unit in here. If it is okay with my fellow committee members, rather than sit around and wait for a Senator to tiptoe through the car park to get here we may as well ask some questions. We will keep BITRE in the room, if that is all right. Sorry, gentlemen, to do this to you. We will get the Major Cities Unit in, Mr Mrdak, if that is possible, rather than waste time.

Mr Mrdak: I am happy to do that.

CHAIR: Thank you very much, Mr Mrdak. Once again, I welcome Ms Ekelund, for her second round of Senate estimates, in her new role.

Senator WILLIAMS: I have a general question. I understand from the last estimates that there was a plan to increase the staff to a total of 10 FTEs by the end of this financial year. What is the current number of staff in the Major Cities Unit?

Ms Ekelund: We currently have 6.8 FTEs and we are in the process of recruitment to bring it up to 10. We also have one officer who will be returning from maternity leave very soon.

Senator WILLIAMS: Where are the staff located, and how many are at each location?

Ms Ekelund: They are located partly in Sydney and partly in Canberra, together with the rest of the department. The Sydney contingent is 4.5, one of those being the officer who is returning from maternity leave, with the remainder in Canberra. In Canberra at the moment we really only have 2½, with me being half in Sydney and half in Canberra.

Senator WILLIAMS: Now that the policy paper *Our cities, our future* has been released, what is the next step to the Major Cities Unit's consideration of the matters proposed?

Ms Ekelund: The first step is the development of an implementation plan to really detail how we are going to address the action plan that is the seventh chapter of the national policy.

Senator WILLIAMS: Will consultation be undertaken with relevant stakeholders with a view to policy changes?

Ms Ekelund: The action plan has a very broad range of initiatives. Some of them are Australian government initiatives but some of them rely heavily on working in partnership with other jurisdictions as well. Certainly there will be consultation with relevant stakeholders. Being a very small unit we work through leverage and partnership to be able to achieve outcomes. We expect to continue to do that.

Senator WILLIAMS: Regarding major cities funding projects from the 2009-10 budget, what is the unit's involvement in the department's investment in public transport links for major cities?

Ms Ekelund: Part of the Major Cities Unit is currently collocated with Infrastructure Australia, so we have been involved in the past in providing input into the deliberations of Infrastructure Australia on the priority projects. That has been our principal involvement, but now that we also have a presence in Canberra we want to ramp up our involvement in projects currently being planned or administered by the department, and that has started to happen.

Senator WILLIAMS: What was your involvement in things such as the Northbridge rail link, the now cancelled O-Bahn track extension and the Brisbane inner city rail feasibility study announced in the 2009-10 budget?

Ms Ekelund: We had input into all of those projects.

Senator WILLIAMS: Has the Major Cities Unit provided any research, advice or other information to the department in relation to any of the projects I have just mentioned? What sort of input do you have to those projects? What are your recommendations and advice?

Ms Ekelund: Again most of them were through the Infrastructure Australia process, where they were evaluating the merits of the submissions that they received through the IA process. I am sure you would appreciate they have quite a regimented methodology for that appraisal. So we provided input at the appropriate times of that process. Our work is not seen as separate; it is really embedded inside the IA evaluations.

Senator WILLIAMS: On the research, advice and information you recommend, can you give us any detail on that? What sort of things?

Ms Ekelund: I can give you the example of the Northbridge Link that you mentioned. That project came in as a public transport initiative. We were asked to provide advice on that matter and we advised that this was not simply a public transport project; it was actually a city-building project in that it opened up very large pieces of land for future commercial and residential development, it helped link the northern and southern parts of the Perth CBD, it would facilitate much better pedestrian movement through the area and the project really should be seen for its wider socio-economic benefits, not just as a public transport project. So we provided that sort of input into that project, which gave it greater merit than just looking at it as a public transport proposal.

Senator WILLIAMS: What sort of input did you have into the now cancelled O-Bahn track extension?

Ms Ekelund: We had some input.

Senator WILLIAMS: Saying?

Ms Ekelund: Saying that it was a worthy project to proceed with. It is a difficult project because it does traverse green space. The state and local authorities had not completed the detailed thinking on that project. Certainly we would see there are strong merits in completing that link once state and local governments have actually finalised their strategic thinking on how to do that.

Senator WILLIAMS: With this research, advice and other information you recommend, are these documents available to the public?

Ms Ekelund: Only certain amounts of the IA work are available.

Mr Wilson: The MCU provides internal advice within the department. Just like information that we provide to the minister, it is not publicly available.

Ms Ekelund: Having said that, you have asked questions about specific projects. Some of the research that we do is publicly available through some of the publications that we have produced, but that is not on specific proposals.

Senator WILLIAMS: Moving onto the National Urban Design Protocol, the NUDB is a web based tool to provide best practice examples of urban design from around the country and internationally. It is an attempt to improve urban design outcomes nationally in a partnership that involves planning officials groups, the Planning Institute of Australia and the Council of Capital City Lord Mayors. I refer back to questions from Senator Nash and

Senator Colbeck from the February 2011 estimates hearings in relation to the National Urban Design Protocol. Is the protocol complete yet?

Ms Ekelund: Unfortunately, because we have worked in a very concentrated way on completing the National Urban Policy and undertaking the consultations for the discussion paper, we have not progressed the Urban Design Protocol as quickly as we had hoped. We put it on the backburner until we could complete this policy work for the government, which was seen as the first priority.

Senator WILLIAMS: How long do you think it will be on the backburner for?

Ms Ekelund: I cannot give you an exact date, but it will be some months away still.

Senator WILLIAMS: Some months away until the site becomes operational?

Ms Ekelund: Yes, it will be quite a few months before it becomes operational. We are still working with the editorial board, but not as intensively as before. As I mentioned, our next priority will really be to work up the implementation plan for the National Urban Policy. The Urban Design Protocol is part of the national urban policy initiatives, so it will be done in tandem.

Senator WILLIAMS: So the protocol will be completed and then a site will become operational after that.

Ms Ekelund: That is right.

Senator WILLIAMS: And that is some months away, in May. What are you looking at—August or something like that? Do you think it is possible that it will be done by then?

Ms Ekelund: It could be something like that; I cannot be definite.

Senator WILLIAMS: The site is certainly not operational now, of course?

Ms Ekelund: No. There was a test site that was available to the editorial board, but we have put that on pause until we do more development.

Senator WILLIAMS: Were there any hits on your test site? Were there any public reactions?

Ms Ekelund: It was not public; it was just an editorial board with the 50 or so key stakeholders, including the state architects and the architectural and urban design fraternity.

Senator BACK: Could you just define 'major cities'. Is it only the capital cities?

Ms Ekelund: No. A definition we use for major cities is an ABS definition, and it includes all cities with populations of 100,000 and above. There are 18 cities in Australia with those populations, so it includes 10 regional cities as well as the eight capitals.

Senator BACK: In your recommendations to government, how do you prioritise funding across those 18 cities? Do you have a formula for capital cities versus non-capital cities?

Mr Wilson: Could I ask a clarifying question: do you mean broadly across all government policies, do you mean in terms of the—

Senator BACK: As I understand it, your unit is established and provides advice to government on the most effective expenditure of funds, presumably for a range of objectives associated with cities, both economic wellbeing, financial wellbeing, transport et cetera. Do I understand clearly that that is the role of the unit?

Mr Wilson: The role of the unit is to provide advice with regard to the urban interchange, yes.

Senator BACK: So is it principally transport related or more than transport related?

Mr Wilson: More than transport related. Ms Ekelund's unit provides advice which is broader than just the transport sphere, as she indicated before in the answer with regard to the Northbridge project. It was about broadening the advice that was available to Infrastructure Australia so that it was not considered just in terms of the urban public transport aspects of the project. But the unit does not differentiate in advice in terms of allocation of funding by regional or capital city.

Senator BACK: Are you reactive or proactive?

Ms Ekelund: I think we are both. We are certainly proactive in consultations and understanding what the challenges in cities are. We see part of our remit as about communicating that to people so that they appreciate the challenges that Australian cities are facing. We work across the agencies within the Australian government as well as with state, territory and local governments, a whole host of private sector peak agencies and other non-government organisations, so I think we are proactive in how we engage and try to understand the issues and help facilitate people getting together and research being undertaken. But, at the same time I guess we are reactive. When we hear that there are real issues, we seek to understand them and establish how the Australian government can assist, if that is appropriate.

Senator BACK: Perhaps I should have asked the question more clearly. When I said reactive versus proactive I was not suggesting the quality of the work you do as much as the process by which you become involved. Taking the Northbridge Link as an example, was your involvement as a result of Infrastructure Australia and the WA government saying, 'We need some input here,' or were you in on the ground floor, in a sense? Were you there at the beginning of that process?

Ms Ekelund: Due to the fact that I worked in Western Australia when that project was established, I knew a lot about what the Western Australian government was trying to do. So, when the project came into Infrastructure Australia and they were looking at it as a public transport proposal, I said the way the Western Australian government had put it in through their public transport authority did not do the project any justice. Having made that observation, we were asked to provide more detailed advice about the merits of the project to the Australian government via Infrastructure Australia. I would think that in that instance we were proactive in identifying that the project had a lot of merit for Perth as a city and Western Australia as a broader community.

Senator BACK: So if I were to take a city like Townsville, which I imagine would fit within the definition, would your unit have some form of watching brief on a city like Townsville or would you once again be brought into involvement at the request of federal or state government to have your input into the various infrastructure needs of that city?

Ms Ekelund: Either can happen. We have visited all 18 cities and we have had engagement with the local councils and also Regional Development Australia committees and other key stakeholders in the cities. We have sought to understand what is happening in the cities and make some observations about some challenges that they do not even seem to

understand that they have, particularly as they grow. So we have been proactive in visiting them, not expecting people to come to Canberra or Sydney.

At the same time, we have had approaches from cities to be involved in their work. One example is in Adelaide. Work is being done between local authorities and the state government in the integrated urban design strategy down there. They are very keen that the Major Cities Unit have input into that process. Because we do have a national perspective on things, they believe that our input can add value to the work that they are doing.

Senator BACK: I do not want the question to appear rude, and it is not, but how do you account to the secretary and the minister for your effectiveness? Is it the case that everything that succeeds others would take credit for and everything that fails would be lumped onto you? I wonder how you actually account for the expenditure and effectiveness of your input in an annual report.

Ms Ekelund: We have a business plan that is signed onto by our executive that has a number of tasks and milestones in there. Those tasks and milestones can be evaluated to see if we are delivering. The extent to which our advice is sought is an indicator of our effectiveness. The usefulness of the research and the documentation that we prepare and how much people rely on it is an indicator of our effectiveness.

Senator BACK: Do you benchmark the cities?

Ms Ekelund: When we prepared the *State of Australian cities 2010* report, which has indicators of productivity, sustainability, liveability and governance embedded in it, we sought to describe the challenges facing cities, but we tried to do so in a way which was not necessarily about setting up comparisons between cities. We want to understand the challenges. For example, there was a report prepared by KPMG last year that gave comparisons between housing affordability in Sydney and Hobart. We would suggest that there are going to be different outcomes, and it is useful to keep a watching brief, to use your words, on what is happening in those two cities in areas of housing affordability and congestion. But we would question seriously comparing them on those two aspects.

Senator BACK: I would also. Do you benchmark cities in Australia with cities of equivalent size in other countries? For example, you often hear of Perth and Austin, Texas, being benchmarked. I do not know the validity of it. Do you benchmark our cities against equivalent cities in other OECD countries?

Ms Ekelund: We would not say that we specifically benchmark them, but we keep an eye out for work that other research entities or private sector groups undertake that compare cities on a whole range of indicators. I would not use the word 'benchmark', but certainly we make observations about the difference between our cities—they are all unique—and also how they vary or compare with cities in other countries. 'Benchmark' is not the word we would use. Likewise we do not set targets for the performance of cities, but we do look at the trajectory of change and the pressures they are under. We use our understanding of those trends to inform our policy development.

Senator BACK: For example, if you are looking various options of urban transport in Melbourne, would you consider what they are doing in Vancouver with their long-term policy on public transport in contrast to ours? Is that the sort of expertise you would bring?

Ms Ekelund: That is a very good example because that is a city we do look to as having achieved very effective outcomes in the use of public transport, in housing diversity and in quite intense development in some areas. The shape of their urban development really reinforces and supports their public transport to the point where they have had a reduction in the amount of time people take to get to work, and that is an indicator of what is happening in that city.

Senator BACK: My final question relates to the criterion of 100,000 people. Are there any other cities in Australia that are reaching or getting close to reaching that target figure which could then enjoy the benefit of your input?

Ms Ekelund: There are a few. I cannot recall which ones they are but there are certainly a number of cities that will reach a population of 100,000 over the next five to 10 years.

Senator BACK: Is it possible to tell me what the non-metropolitan capitals are? You can tell me on notice, if you like.

Mr Wilson: If you like, we will provide you with a copy of the documentation.

Senator BACK: I would be most interested, thank you very much.

Senator IAN MACDONALD: I apologise for being late. I was celebrating the 21st birthday of one of our colleagues in the parliament. When we spoke at the last estimates, Ms Ekelund, you mentioned that the Major Cities Unit was getting around to visit regional cities. You said Cairns was on an upcoming visit. Have you visited Cairns yet?

Ms Ekelund: Yes, I have.

Senator IAN MACDONALD: When was that?

Ms Ekelund: That was in March.

Senator IAN MACDONALD: Have you visited Townsville?

Ms Ekelund: Yes.

Senator IAN MACDONALD: Was that at the same time or on the same trip?

Ms Ekelund: It was over about a six-week period. Over the end of January, through February and into March we visited all 18 major cities.

Senator IAN MACDONALD: That is good. I am pleased to hear that. I thought the estimates hearing was on 22 February. You had not been to those cities then, so it must have been since then. In both those cities, who did you meet with?

Ms Ekelund: We were hosted by the councils, but we also met with community and industry people, and representatives from Regional Development Australia. In Townsville, we mainly met with the senior officers of the council. We had met with the mayor and the town general manager earlier. In Cairns we met with the mayor, the CEO, senior officers and also industry representatives.

Senator IAN MACDONALD: The Townsville mayor you had met previous to this trip?

Ms Ekelund: That is right.

Senator IAN MACDONALD: In Townsville or in Canberra?

Ms Ekelund: In Townsville.

Senator IAN MACDONALD: My information is that you had not spoken to the council in Townsville. My information may be a little dated but I am surprised to hear that you met with the mayor prior to the February-March-April trip.

Ms Ekelund: Last time you noted that I had been to Townsville once and on that trip I had met with the mayor and general manager.

Senator IAN MACDONALD: Okay. What feedback did you get from those cities? You have been to Mackay and Rockhampton as well, I take it?

Ms Ekelund: No, I did not go to the smaller cities.

Senator IAN MACDONALD: I am not sure that Mackay or Rockhampton would like being called the smaller cities. So they are a work in progress are they?

Ms Ekelund: Before you joined us just now we were talking about the definition of major cities that the Major Cities Unit uses. The Australian Bureau of Statistics defines major cities as those over 100,000 population. Whilst there are a number of cities that are rapidly growing and may get to 100,000 soon, at this stage of our work is concentrated on the 18 cities that are currently in excess of 100,000 people.

Senator IAN MACDONALD: Does that include Darwin?

Ms Ekelund: Yes.

Senator IAN MACDONALD: Have you been to Darwin?

Ms Ekelund: Yes.

Senator IAN MACDONALD: What feedback have you got from, in particular, Townsville, Cairns and Darwin?

Ms Ekelund: Firstly, we have had very good reception in that the Australian government is actually taking an interest in cities as urban systems with their complexity. That is the first thing I would say. They are very enthusiastic about the fact that we have an interest in their city. That was the case in Albury-Wodonga and other regional cities. The Australian government has not always taken a strong interest in cities and urban policy per se. They are interested in how the Australian government might be able to support their aspirations, and that connects with the work of other departments of the Australian government through regional policy areas and other parts of government. So in the first instance it is having the Australian government take a strong interest in their challenges and aspirations, and taking an interest in working out how we may be able to help them address those.

Senator IAN MACDONALD: Does your unit come with money?

Ms Ekelund: Not a great deal.

Senator IAN MACDONALD: You would have been much more welcome in those cities if you had come with money.

Ms Ekelund: The budget did allocate a small fund to look at how we might be able to, through the Major Cities Unit, assist cities address issues of livability. That is a \$20 million competitive grants program, which is highlighted in the minister's statement from budget night and which is called 'Our Cities, Our Future'. That program, called the liveable cities program, will become available in the next financial year.

Mr Mrdak: To add to that, it is not an inconsequential program. There are a number of elements set out in national urban policy and that were announced on budget night. There is the \$20 million Liveable Cities program and there is also a \$100 million Suburban Jobs program, the \$61 million Managed Motorways program and a \$10 million program in relation to looking at measuring and improving the performance of sustainable outcomes in our cities. All of these were announced as part of the budget package.

Senator IAN MACDONALD: Were they announced in this budget package?

Mr Mrdak: Yes. I think Ms Ekelund was referring to relatively small resourcing for the Major Cities Unit; it is a relatively small unit within the portfolio.

Senator IAN MACDONALD: I meant that you will always get a great welcome to these cities if you come with bucketloads of money. And they are happier that it is for their projects rather than for your unit. So, perhaps we are all on the same path anyhow. What was the program you referred to?

Mr Mrdak: It is Suburban Jobs. It is a program that will be administered by the Sustainability Portfolio. It essentially will be looking at how you actually provide incentives to create job opportunities closer to residential areas to minimise travel time and try to create economic nodes in some of our outer suburban and regional centres, where we can try to get better co-location of jobs and housing.

Senator IAN MACDONALD: And the funding for that has not started yet?

Mr Mrdak: It is scheduled to start in the next financial year. It is provided for in this budget.

Senator IAN MACDONALD: Is that going to be relevant to cities like Townsville, Cairns and Darwin?

Mr Mrdak: Yes, it is particularly targeted at outer suburban areas of the major capital cities and regional centres, particularly regional centres like Townsville and others that are facing major growth pressures.

Senator IAN MACDONALD: Are you going to get the jobs near to where the houses are?

Mr Mrdak: The intention is, using this program, to try to facilitate things like employment nodes, manufacturing zones, industrial areas and the like, which are much better integrated into the major cities.

Senator IAN MACDONALD: I wish you well and I do not want to be critical until we see what actually happens. But that criteria just seems to be completely foreign to cities like Townsville and Cairns. Perhaps we will see what the program does before we get too critical. But, with respect, Mr Mrdak, from what you just said it sounds to me to be a program designed by capital city bureaucrats for capital cities with little relevance to those major go-ahead regional cities. Perhaps I can ask Ms Ekelund—

Senator Carr: That is a political comment. It is a bit hard to ask the officers to confirm your political view. Do you have a question that relates to the program?

Senator IAN MACDONALD: Thank you, Minister, but when you interrupted me I was just about to ask Ms Ekelund if this suburban jobs program was discussed with the northern cities?

Mr Wilson: If I could just clarify a point—

Senator IAN MACDONALD: They were not announced when Ms Ekelund was there.

Mr Wilson: The suburban jobs program will be managed and administered by the department of environment and sustainability and not this portfolio. The funding arising out of the announcement on budget night relating to this portfolio is funding directed at improving the liveability of cities, which is a \$20 million two-year funding program. Ms Ekelund would not have discussed either of those programs with the stakeholders in any of the cities that she visited prior to the budget, on the basis that the funding was not available and it would be inappropriate to have conversations about budget matters prior to the budget being announced.

Senator IAN MACDONALD: So this was a new initiative in the budget?

Mr Mrdak: Yes.

Senator IAN MACDONALD: Another thing announced in the budget was the roads program—what did you call it?

Mr Mrdak: The managed motorways program.

Senator IAN MACDONALD: Is that also a new initiative?

Mr Mrdak: That is a new initiative in the budget.

Senator IAN MACDONALD: How is that going to work? Are you managing that?

Mr Mrdak: Yes, we will manage that. That is a new program for the portfolio. It arises from advice from Infrastructure Australia that a number of jurisdictions have managed motorways proposals for the major cities. This is to install measures such as ramp metering and the like and information technology systems to improve the flow of traffic on the major motorways. This proposal has been recommended by Infrastructure Australia and the government has decided to put forward \$61.4 million to enable the first of those trials and installations to take place. Infrastructure Australia have identified four projects that they believe are more advanced and maybe the sorts of projects that we wish to fund. They include an upgrade of the M1 Westgate freeway in Melbourne, funding for the M4 in Western Sydney, the Gateway motorway in Brisbane and trials for the Roe Highway and Graham Farmer Freeway in Perth.

Senator IAN MACDONALD: The other program was Sustainable Communities, was it?

Mr Mrdak: Liveable Cities.

Senator IAN MACDONALD: Was that announced before the budget?

Mr Mrdak: No, that was announced in the budget.

Senator IAN MACDONALD: As a new initiative?

Mr Mrdak: Yes.

Senator IAN MACDONALD: Can you tell me about Liveable Cities?

Mr Mrdak: Liveable Cities is the one Mr Wilson outlined, the \$20 million which is designed essentially to provide funding for improving planning particularly in our regional cities and for demonstration projects looking at improving quality of urban design and amenity.

Senator IAN MACDONALD: Will the managed roads program be managed by this department, the Major Cities Unit?

Mr Mrdak: We will manage that, but the Major Cities Unit will have overall policy direction. We will probably manage the administration of the program through our nation building division.

Senator IAN MACDONALD: Will the planning one be managed by this department?

Mr Mrdak: Yes, Liveable Cities will be led by the Major Cities Unit, but administration will probably be done through our program area. Suburban Jobs will be managed, as Mr Wilson outlined, in the sustainability portfolio.

Senator IAN MACDONALD: Ms Ekelund, are the visits in connection with your job the first time you have been to Townsville, Cairns and Darwin?

Ms Ekelund: I have been to Darwin quite a number of times, but it was the first time I had the pleasure of going to Cairns, Townsville and Toowoomba as part of this work.

Senator IAN MACDONALD: Did you get a feel for the different needs and priorities of those three northern cities, as opposed to the capital cities? Did you feel that their emphases were different? Did you get any impression about that?

Ms Ekelund: Every city in Australia is different and their needs and aspirations are different. Some things are common in many cities that are experiencing growth. Managing growth, planning for infrastructure, planning for and delivering affordable housing are quite common in many cities. Cairns has a unique location, which presents it with significant vulnerabilities. Many of our northern cities are potentially quite vulnerable to extreme hazards, as we have seen over the recent past. That is an element that is very clear in some of those cities, as in Darwin.

Cities in Tasmania have a remoteness, but different climatic and growth pressures. One of the pressures of not having growth has been that some of the Tasmanian cities have not done a lot of planning for the future and are needing to catch up on some of that work now. Certainly some cities have not thought very deeply about the relationship between their transport needs and their ageing population. As we become older it will become difficult for many people to get around if they are totally car dependent. So there are some issues that are similar across the country and some that are quite unique.

It is interesting, for example, that Hobart has got a very large proportion of people that walk to work as an important commute compared to other cities. Sydney has got the largest proportion of medium and high-density development, which is quite different to Melbourne. Even though they are two very large cities, their pattern of growth and development is quite different. I think you can see uniqueness in all of them but also some common challenges.

Senator IAN MACDONALD: What is your unit going to do about these issues, these challenges that various cities face?

Ms Ekelund: In the first instance we have collected information so that we are actually aware of what the challenges are to some extent, so providing it an evidence base. That will help inform the Australian government on its policy decisions and investment decisions.

Senator IAN MACDONALD: Will your principal contact in the work you do be the local city council?

Ms Ekelund: Both state and local.

Senator IAN MACDONALD: You indicated that some of the Tasmanian cities were unique because of their remoteness, did you say?

Ms Ekelund: Like other cities, they are also remote in many ways as well. You cannot drive there for starters, so even though Tasmania is close to—

Senator IAN MACDONALD: Melbourne and Canberra.

Ms Ekelund: They do suffer a level of remoteness as well that might not always be obvious.

Senator IAN MACDONALD: I am not talking about capital cities here. Excuse my parochialness. What could cities like Cairns, Townsville and Darwin expect to achieve from the work of your unit once it gets underway? I know it has only been underway, what, 2½ years now.

Ms Ekelund: That is right. One of the things we advocate in the National Urban Policy is that regional cities should also undertake strategic plans for their areas. You would probably be familiar with the COAG criteria for the capital cities. We advocate that those criteria are very useful criteria that the regional cities should look to as well in their planning.

Senator IAN MACDONALD: I was talking in the regional estimates earlier today about the Cairns plan. Is that the sort of thing you are talking about?

Ms Ekelund: Yes, and to what extent does the Cairns plan actually deliver on the criteria that COAG signed on to as being important criteria for planning systems to adopt?

Senator IAN MACDONALD: I hope it is right on target because it is being funded by a colleague department of yours, so one would hope so. Admittedly it has taken some time to bring to fruition and each estimates I am told it is just about to be finished, but for three estimates now it has not been. Did you get a sense from the two North Queensland and perhaps any other Queensland city you have been to—Toowoomba would be the same—that their greatest challenge was how to deal with amalgamations, how to deal with excess staff that they were not able to sack under the amalgamation regions dealing with the huge additional cost of the amalgamations which were imposed by a state government but not funded by anyone except the ratepayers? Did you get that feel?

Ms Ekelund: No.

Senator IAN MACDONALD: Did you get the feeling in Cairns that there is still controversy about the boundaries of the Cairns City—that is, that it goes right up to Port Douglas, which has little community of interest with Cairns?

Ms Ekelund: The mayor and the CEO seemed very hopeful and positive about the governance reforms there.

Senator IAN MACDONALD: Yes, I can believe that. Did the council share that view?

Ms Ekelund: I did not speak to the council.

Senator IAN MACDONALD: Okay. So you have only just spoken to mayors, not to other councillors?

Ms Ekelund: It has been variable. We generally speak to the CEOs.

Senator IAN MACDONALD: Thanks for that. You had 10 full-time equivalents last year in your unit. Has this question been gone into at all before?

Ms Ekelund: We presently have 6.8 FTEs, aspiring to have 10.

Mr Wilson: Senator, we have answered those questions with Senator Back.

Senator IAN MACDONALD: Okay, that is excellent. Thank you for telling me. Just forgive me for re-asking, but you currently have six and you are planning to go to?

Ms Ekelund: Ten.

Senator IAN MACDONALD: Ten. And the sorts of people in your unit? What are their qualifications, classifications, expertise?

Ms Ekelund: We have a mix of urban planning, environmental science, social policy, urban design, project management.

CHAIR: You can go back to the birthday party, Senator Macdonald.

Senator IAN MACDONALD: I think it's over, Mr Chairman—thank you for your concern! Are you intending to issue an annual report or a regular report on your activities and your recommendations and—

Mr Wilson: The Major Cities Unit is a division with the Department of Infrastructure and Transport, and as such will be reported upon in the department's annual report—as with the other divisions within the department.

Senator IAN MACDONALD: Just by way of being helpful, perhaps be prepared at each estimates committee hearings—and there are three a year—for the fact that we would like a bit of an update on what you are doing, where you are going; and we will also read the annual report. By the way, Mr Secretary, when is your annual report due?

Mr Mrdak: They are due by October.

Senator IAN MACDONALD: Do you think this year we might have them before the scheduled estimates hearings, so that we can usefully inquire into them at the next estimates hearings?

Mr Mrdak: We will endeavour to do so, Senator. I am not sure what the date we are scheduled for estimates at this stage, but we will certainly endeavour to have it completed on time.

Senator IAN MACDONALD: I ask you, Mr Mrdak, because you appreciate this more than most—once upon a time the estimates committees used to deal with annual reports; now they seem to come out the week after the appropriate estimates committees, so they are never fully investigated.

Mr Mrdak: This department has always met the time frame for annual reports.

Senator IAN MACDONALD: Well, it is a time frame set by the government, not by the parliament. But thanks very much for that; that is all I have.

CHAIR: Thank you, Senator Macdonald. Senator Ludlam?

Senator LUDLAM: I mostly want to ask about the National Urban Policy that was released, I think to a generally pretty positive reaction. It was nice to see the minister quoting Jane Jacobs. If we can go to the big picture stuff first: where to from here? That piece of work has been in the making for a long period of time. What happens for you now?

Ms Ekelund: The first action is an implementation plan for the National Urban Policy and the action plan that sits at the end of the policy document.

Senator LUDLAM: I am not familiar with what that is going to look like or what it will have in it. How is it going to work?

Mr Wilson: The major cities unit will go through the action summary at the back of the document and work out timeframes, resources and the like to implement the list of actions that fall within this portfolio's responsibility. We as an executive will discuss that and take it forward.

Senator LUDLAM: Will it mainly be concerned with the funding announcements that were launched side by side with the urban policy, Suburban Jobs, for example? Will the implementation mainly be about handling the disbursement of those funds?

Mr Wilson: To make it a short conversation, there will be two types of activity. There will be activities that are non-funding based and activities that are funding based. The next stage in regard to programs such as the Liveable Cities and Suburban Jobs will be the development of formal guidelines for calls for funding. For the non-funding activities, we will work out the next steps in actually undertaking those pieces of work.

Senator LUDLAM: How is it proposed that state, territory and local governments will apply for funding from the Liveable Cities and Urban Renewal Program?

Mr Wilson: We are currently working through the guidelines. As I said those guidelines will need to be approved by the minister and circulated to relevant stakeholders.

Senator LUDLAM: Who constitutes a relevant stakeholder? Will they be published?

Mr Wilson: Will the guidelines be published? Yes.

Senator LUDLAM: When are you anticipating roughly that that will be rolled out?

Mr Wilson: Senator, I would not like to put a date on it and be held to account to the fact that I may not meet it. I am trying to implement that as soon as I possibly can.

Senator LUDLAM: This year?

Mr Wilson: Certainly, Senator.

Mr Mrdak: The funding is in 2011-12, so we would need to get the guidelines in place and the program up and running, we would hope, by July.

Senator LUDLAM: Will the Suburban Jobs program—and we spoke a little bit with one of the other departments about this last night and got a little bit of background as to how that will work. Presumably that is not going to be much more than a pilot project once it is broken up?

Mr Wilson: I am assuming that you were discussing it with the department of sustainability.

Senator LUDLAM: We were.

Mr Wilson: The department of sustainability is the administering portfolio, so it will not be part of our portfolio. The answers that you got from sustainability will have provided you with the detail that is available at the moment.

Senator LUDLAM: Because the stuff is quite fragmented, do you want to tell me what your major areas of work are, what you are prioritising, and I will stick to that?

Mr Wilson: The two programs that we will be responsible for will be Liveable Cities and the national smart Managed Motorways.

Senator LUDLAM: The motorways stuff I find strange. There is \$61 million there. Tell us how that is going to work?

Mr Mrdak: As I outlined a little bit earlier, this has come from a recommendation from Infrastructure Australia. It is one of their ready-to-proceed projects. They have placed it very highly on their priorities. Essentially this is \$61 million which will enable a number of Managed Motorway trials and investments to take place. Infrastructure Australia has identified four projects which they believe meet the national criteria. They are, as I outlined, the Gateway motorway in Brisbane, the M4 in western Sydney, the Rowe and Graham Farmer Freeway and the M1 Westgate Freeway in Melbourne. They are locations where they believe optimal benefit could be gained from investment in ITS technology and the like. We will now develop program guidelines around that and will seek more detailed submissions and project proposals from those and other jurisdictions and then seek to make that funding available for those programs.

Senator LUDLAM: How will you identify if that has been a success or not? What are the criteria for success of a Managed Motorway program?

Mr Mrdak: We will be looking at the project proposals from the jurisdictions. This is a proposal that has been with Infrastructure Australia for some time for a number of jurisdictions. We will be looking at performance measures such as improved performance of the motorway in terms of flow, reduced congestion, reduced travel times and the like are the sorts of performance indicators that have been put to Infrastructure Australia which we will be looking to see in any project proposal coming through for funding.

Senator LUDLAM: All right. I must admit that I am a sceptic, but we will see.

Mr Mrdak: The advice from Infrastructure Australia is that things like variable message signing can deliver an eight to 13 per cent increase in average speed and ramp metering a 13 to 26 per cent increase in travel speed. We will start to see those sorts of benefits which are quantifiable. There have been some very good case studies done, particularly in Melbourne of the Monash freeway where ITS has delivered quite significant improvements in traffic flow.

Senator LUDLAM: I shall be following that up. I am probably more interested in what you are doing on active transport. The two areas I want to focus on tonight are active transport and behaviour modification programs. They are less glamorous. They are not big picture infrastructure stuff. Mr Mrdak, you were here earlier this morning when we were working through some of that. Can you tell us how you plan on getting people walking and on bikes explicitly through the processes that you published last week.

Mr Mrdak: Certainly there are two things. Firstly, there is very strong emphasis in the National Urban Policy about future investment programs by the Commonwealth, which I think comes to one of the points you are raising this afternoon about using the full range of Commonwealth investment programs to drive better urban outcomes in terms of how you mix housing, employment, public transport and the like and also how you get active transport into those cities much more. Also there is the Liveable Cities program, which is looking to fund demonstration projects. One of the areas the government has identified is looking to optimise the use of active transport through those types of measures. Through the dedicated program of

Liveable Cities and more broadly through Commonwealth programs we are making investment to try to drive active transport outcomes.

Senator LUDLAM: The reason for my scepticism about some of this stuff is that in this space, not just with the states but specifically with the Commonwealth, there has been a long and noble history of starting up wonderful pilot projects that get a few tens of millions of dollars spent on them, that run for a few years and then get killed off or get called something else and pop up somewhere else. Things never graduate beyond the pilot stage. What do you have in mind and what can you tell us about how these pilots will be scaled up so that they actually change the way our cities work?

Mr Mrdak: At this stage we have these programs which are designed to get these pilots. I cannot comment on future investment and future ongoing programs. Certainly, you have to recognise also that what we are looking to do is get investment in here from other levels of government as well into some of these pilots and the like which may give the impetus for further funding from there.

Senator LUDLAM: That did not really answer my question, but maybe that is not possible. First of all, is there a lead agency, authority, unit, division or department that has portfolio responsibility for active transport?

Mr Mrdak: Right across our divisions both nation building, but certainly in terms of the policy direction of trying to get impetus behind this our Major Cities Unit has carriage of that area.

Senator LUDLAM: Great. That is good. Would the same go for behaviour modification programs?

Mr Mrdak: Again, as they relate to meeting the objectives of the National Urban Policy, the Major Cities Unit would be involved.

Senator LUDLAM: They would be involved or would they be the lead agency?

Mr Mrdak: As the lead.

Senator LUDLAM: Are there resources allocated to either of those two things within the MCU?

Ms Ekelund: We do have quite a lot of expertise within our small unit that has a strong interest and background in active travel. We work quite closely with other jurisdictions who are doing work in this area as well as health promotion, the Heart Foundation and a whole range of agencies both within government and external to government that recognise the merit of active travel. We are ramping up our knowledge and involvement in this policy area.

Senator LUDLAM: It is great that you are doing that because we are basically at a standing start. There is not a dollar being spent at the Commonwealth level on behaviour modification as far as I can tell—and I would be delighted to be contradicted. We had a debate earlier in the day about cycle paths. There was a \$40 million contribution in the stimulus package that has been worked through and that has gone—not a lot else happening. For example, the Australian Vision for Active Transport, which I presume you are familiar with, have called for four positions within DOIT and a funded active transport strategy. And they obviously want the continuation of the cycle path funding. Can you tell us how far off we

are from achieving at least that kind of ask—somebody whose job it is to fund and roll out that kind of infrastructure?

Mr Mrdak: I think the establishment of the Major Cities Unit is a major initiative, as Ms Ekelund has indicated. We have staffed it with people who have expertise in this area. That is in place.

Senator LUDLAM: I am delighted with the work that the Major Cities Unit is doing, and I do not have any criticism at that level. But the Major Cities Unit is not actually out laying cycle track. That was more the nature of my question. When can we get people out actually doing it?

Mr Mrdak: As I said earlier, the Australian government has made a significant investment in the past, and we continue to fund cycleways through other projects. That is happening.

Senator LUDLAM: I wonder whether you can contextualise for us, Ms Ekelund, the importance of behaviour change programs. I do not know that there is a huge amount of awareness of what can be achieved, because it is not as glamorous as cutting a ribbon on a new bridge, for example.

Ms Ekelund: It is also variable in terms of the data that exists about how effective it is. It is an area we are getting more involved in understanding. Certainly we are familiar with TravelSmart programs and programs like that, but we also have a strong interest in how you may reduce travel altogether. Obviously things like the broadband will assist that issue. There are also matters such as working hours and working from home. There is a whole range of initiatives that can be undertaken—rather than just changing the mode of travel. You can actually reduce the need to travel altogether. So we are looking into that whole range. As you would be aware, this area of policy is quite new to the portfolio and we are really just starting to work on it in any serious way—apart from what is reflected already in the national urban policy.

Senator LUDLAM: There is a new preventative health agency that was established last year, and obviously there will be a high degree of overlap between those two agendas. Has there been any attempt to link these two agendas together or any contact across the two portfolios?

Ms Ekelund: There has been some informal communication with what has been considered by that group. Within tiers of government the health portfolios have got a strong appreciation of the relationship between active travel and health outcomes, so leveraging that understanding—that active travel can deliver real dollar outcomes for communities as well as personal health and reduction in emissions, et cetera. I guess it is a growing area of understanding.

Mr Mrdak: I forgot to mention earlier that there is an important initiative in the budget and in this national urban policy which is the changes to fringe benefits tax, which is designed to reduce some of the incentives that have potentially been there for some motorists in terms of treatment of vehicles. I do not think it is correct to say that there is no action in this space. As Ms Ekelund has indicated there are measures being implemented across the country. The FBT measure is the important one in terms of a signal about what we are trying to do here in terms of thinking about getting people out of those motor vehicles for unnecessary usage.

Senator LUDLAM: Sure. We have been advocating for that particular policy switch for about 10 years, so that was a welcome bit of budget night news. The National Cycling Strategy was launched earlier this year, and I wonder if there has been any movement in targeted funding. I think it has happened since the last estimates session. We had half of this conversation already earlier this morning, and it is really difficult to identify where the Commonwealth's commitment to cycling infrastructure actually lies. How are we going about the objective of doubling the cycling rate by 2016? Is there anything you can point us to?

Mr Mrdak: As we have seen through the measures we have been funding in the cycling program to date and also the things we discussed this afternoon, the Commonwealth remains committed to that. That is an Australian Transport Council objective. We will continue to monitor that, as we indicated in the policy document.

Senator LUDLAM: It is going to be kind of boring if we have to have this conversation twice in one day, but what we identified earlier was that since that \$40 million ran out there are zero dollars being specifically targeted to cycling, apart from where you are able to identify that there might be one or more cycle paths going in alongside an urban freeway. I am still trying to point people continually at this empty space where nothing is going on at the moment. It is difficult to understand how we are going to double the rate of cycling by 2016 if the Commonwealth's entire contribution is going to be that when we put in big urban freeways some of them will have cycle paths next them.

Mr Mrdak: The point I am making here is that the National Cycling Strategy has been endorsed by all jurisdictions, and there is considerable investment taking place by other levels of government—

Senator LUDLAM: Just not at this level? The Commonwealth has the taxing power—

Mr Mrdak: The Commonwealth makes payments to the states and territories, and they use that revenue to fund a whole range of initiatives. The Commonwealth is making major investments in areas, and we discussed public transport today. There are major investments in this budget in the package we have been talking about, and you have seen investments by the levels of government into active travel. I do not think I would agree with your assertion that nothing is happening in this space. I think that a lot is happening in this space right across the nation.

Senator LUDLAM: Can we come back to the big picture then, which is the agenda that I think the minister spelled out last week: the government is explicitly creating a set of criteria by which urban infrastructure, transport infrastructure and so on will be funded, and the National Urban Policy is pointing the way. I suppose it is pointing the states and territories in the direction that funding will come from. Can you just spell out for us at what stage you believe Australia will have a nationally integrated and coordinated system for funding sustainable infrastructure? When will all the Commonwealth funding go through these filters, which I think are quite good—the work that has been done is great.

Mr Mrdak: I do not know if I could give you a clear date on when that will happen. I think that, as you have said, that there is some very good strong direction being set here for the first time—

Senator LUDLAM: It is.

Mr Mrdak: Some outcomes and priorities have been set, linking together right across the Commonwealth programs into what the Commonwealth wants to see happening in cities. I do not know that I could say to you, 'There is a clear definitive date by which all of this will come together'. Clearly, we have the national capital plans, which have to come together on 1 January. This will be an important focus for the Commonwealth's investment through nation building 2—

Senator LUDLAM: That is the COAG reform council stuff?

Mr Mrdak: That is right. You will have the national plan against the national criteria coming together at that point. Is there going to be a point at which we can say, 'Everything is coming together by X date?'—I do not know if I can give you that clarity. We have a lot of elements which have to be brought together, but this is an important start and, I think, an important policy-setting document which will start to guide future Commonwealth direction.

Senator LUDLAM: Can you just spell out for us what happens when those capital city plans have been brought together? I spent a bit of time discussing this with the reform council and my understanding is that those documents will be made public. So can you just spell out exactly what will happen when these two processes, which have largely run in parallel thus far, meet up?

Mr Mrdak: One of the elements in the National Urban Policy is that the future funding from the Commonwealth into those capital cities will be dependent on the adequacy of those capital city plans as change proceeds.

Senator LUDLAM: All future funding?

Mr Mrdak: That has been the Commonwealth's position—future infrastructure funding will be tied to—

Senator LUDLAM: Roads, rail?

Mr Mrdak: That is right. It will be tied to the adequacy of those national plans. In the absence of those plans meeting the CRC tests against the national criteria, the Commonwealth's position to date has been that they will not be successful in Commonwealth funding.

Senator LUDLAM: Okay. I think that is going to be quite a powerful moment when we get there. We will see how it works out. Thank you.

Mr Mrdak: Can I just table a piece of information that Senator Williams asked for, which was national heavy vehicle fatalities trend lines? I have some data to table which will answer his question in relation to trends and also—

CHAIR: You certainly can, thank you very much. On behalf of the committee, thank you very much, Mr Mrdak, Minister and your officers for today, and to *Hansard* staff behind me.

Committee adjourned at 18:34