

## Chapter 2

### **Infrastructure, Regional Development and Cities portfolio**

2.1 This chapter outlines some of the key issues discussed during the hearing for the Infrastructure, Regional Development and Cities portfolio on 26 February 2018.

2.2 The committee heard from divisions of the Department of Infrastructure, Regional Development and Cities (the department) and portfolio agencies in the following order:

- Infrastructure Australia;
- Australian Rail Track Corporation;
- WSA Co;
- Infrastructure and Project Financing Agency;
- Australian Maritime Safety Authority;
- Australian Transport Safety Bureau;
- Airservices Australia;
- Civil Aviation Safety Authority;
- Infrastructure Investment Division; and
- Cities Division.

2.3 The following agencies and divisions were released during the course of the hearing without providing evidence:

- Western Sydney Unit;
- Aviation and Airports Division;
- Surface Transport Policy Division;
- Portfolio Coordination and Research Division;
- Inland Rail and Rail Policy Division; and
- Regional Development and Local Government Division.

#### **Infrastructure Australia**

2.4 The committee sought information from Infrastructure Australia (IA) on whether it had received and assessed business cases for the following projects:

- Replacement of the old Nowra bridge;
- National Broadband Network;
- Snowy Hydro 2.0;
- Relocation of the University of Tasmania as part of the Launceston City Deal;
- Coffs Harbour Bypass on the Pacific Highway;
- Macquarie Park Interchange;

- Joy Baluch Bridge;
- Grand Strzelecki Track upgrade;
- Tanami Road;
- Central Arnhem Road;
- Darwin water supply;
- METRONET projects in Western Australia;
- West Gate Tunnel;
- North East Link; and
- Rookwood Weir.<sup>1</sup>

2.5 The committee sought information on the business cases currently being assessed by IA. It was informed that all current business cases are for projects in Queensland and South Australia. IA officials also provided the committee with information on the number of business cases assessed over the last few years.<sup>2</sup>

### **Australian Rail Track Corporation**

2.6 The committee raised concerns from constituents regarding the noise from coal trains in Singleton in the New South Wales Hunter Valley region. Officials of the Australian Rail Track Corporation (ARTC) reassured the committee that they were aware of the problem and agreed to review the noise issue.<sup>3</sup>

2.7 The committee focused on the Inland Rail project, including questions about land acquisition and community consultation. Officials provided the committee with a summary of the key issues raised in community consultations, which included flood mitigation, noise and land severance, and assured the committee that consultative committees have been established to address these concerns.<sup>4</sup>

2.8 ARTC provided an update on the North East Link in Victoria. It informed the committee that a project proposal report has been produced and is being peer reviewed by Monash University.<sup>5</sup>

### **WSA Co**

2.9 WSA Co was established in August 2017 to develop and operate the Western Sydney Airport. This was the first appearance of the agency before the committee.

2.10 The Chair of the WSA Co board, Mr Paul O'Sullivan, provided the committee with an overview of the board's membership, and detailed some of the achievements of the company since its establishment, including:

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1 *Proof Hansard*, 26 February 2018, pp. 7–29.

2 *Proof Hansard*, 26 February 2018, p. 10.

3 *Proof Hansard*, 26 February 2018, pp. 29–30.

4 *Proof Hansard*, 26 February 2018, p. 31.

5 *Proof Hansard*, 26 February 2018, p. 36.

- opening a head office in Liverpool;
- commencing work on enabling activities, such as work with TransGrid to bury a transmission line that would otherwise cross the runway;
- ongoing air and noise monitoring; and
- commencing early earthworks in the north-east corner of the site.<sup>6</sup>

2.11 The committee sought information on the return on investment of the airport, which is expected up to 25 years after the airport commences operation in 2026.<sup>7</sup>

2.12 The committee raised concerns regarding noise from the airport. WSA Co explained that a noise amelioration package of \$75 million has been included in the business case as part of Commonwealth preparatory activities.<sup>8</sup>

### **Infrastructure and Project Financing Agency**

2.13 The Infrastructure and Project Financing Agency (IPFA) recently moved into the Infrastructure, Regional Development and Cities portfolio as a result of a machinery of government change. As such, this was the first appearance of the agency before the committee.

2.14 The IPFA is a small executive, advisory agency responsible for providing independent and specialist commercial and financial advice to support government infrastructure projects in their delivery.<sup>9</sup> During the hearing, the committee explored this role further.

2.15 The IPFA and the department highlighted the benefits of IPFA's work in terms of both efficiencies and savings to government. The Secretary of the department, Dr Steven Kennedy, informed the committee that as the IPFA now provides the commercial expertise required by the department, it is less reliant on external contractors for specialist advice.<sup>10</sup>

2.16 The committee sought information on the staffing and budget of the IPFA. The agency has 11 staff, not including the Chief Executive Officer (CEO), of whom eight are employed within the Australian Public Service and three are contractors. The agency is allocated \$4.2 million per annum, 80 per cent of which goes to labour and contracting costs, with the remainder used for other expenses including accommodation.<sup>11</sup>

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6 Mr Paul O'Sullivan, WSA Co, *Proof Hansard*, 26 February 2018, p. 39.

7 *Proof Hansard*, 26 February 2018, pp. 40–41.

8 *Proof Hansard*, 26 February 2018, p. 41.

9 *Proof Hansard*, 26 February 2018, p. 43.

10 Dr Steven Kennedy, Department of Infrastructure, Regional Development and Cities, *Proof Hansard*, 26 February 2018, p. 46.

11 *Proof Hansard*, 26 February 2018, pp. 45–47.

### **Australian Maritime Safety Authority**

2.17 The Australian Maritime Safety Authority (AMSA) has responsibility for directing cruise ships at berth in Sydney Harbour to prevent excess sulphur emissions. The committee focused its attention on this role.

2.18 AMSA informed the committee that it had issued 55 directions and conducted 48 compliance checks on 30 cruise ships. AMSA CEO, Mr Mick Kinley, informed the committee that there had been no reason to take further fuel sampling as many ships have fitted scrubbers which take the sulphur out of the exhaust.<sup>12</sup>

2.19 AMSA outlined the process it would undertake in the instance of non-compliance, noting that it had yet to issue a penalty notice.<sup>13</sup>

### **Australian Transport Safety Bureau**

2.20 Mr Greg Hood, Chief Commissioner of the Australian Transport Safety Bureau (ATSB), provided an opening statement which outlined the work of the ATSB over the previous 12 months. The key activities of the agency included 153 active investigations underway, comprising 111 aviation, 31 rail and 11 marine investigations.<sup>14</sup>

2.21 Mr Hood explained that progress was also underway to finalise a number of older investigations with 127 final investigation reports published in 2017. Furthermore, to improve the timeliness of its reporting, the ATSB recruited 11 new transport safety investigators in February 2018.<sup>15</sup>

2.22 The ATSB provided the committee with information regarding near encounters with drones. Mr Hood explained that in the five-year period from 2012 to 2016, there had been 127 such encounters and that in 2017 alone, there were 151. As at January 2018, there had been 11 occurrences of which six occurred within 20 miles of Sydney.<sup>16</sup>

2.23 Mr Hood noted that in the majority of encounters, it was near impossible to identify the drone. He noted that the ATSB's response to a Civil Aviation Safety Authority discussion paper suggested that markings or personal identification on a drone would assist the ATSB in the conduct of its investigations.<sup>17</sup>

2.24 The committee discussed the report released by the ATSB on 23 November 2017 regarding the Pel-Air accident. The discussion centred on the

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12 Mr Mick Kinley, Australian Maritime Safety Authority, *Proof Hansard*, 26 February 2018, p. 54.

13 *Proof Hansard*, 26 February 2018, p. 54.

14 Mr Greg Hood, Australian Transport Safety Bureau, *Proof Hansard*, 26 February 2018, p. 58.

15 Mr Greg Hood, Australian Transport Safety Bureau, *Proof Hansard*, 26 February 2018, p. 58.

16 Mr Greg Hood, Australian Transport Safety Bureau, *Proof Hansard*, 26 February 2018, p. 59.

17 Mr Greg Hood, Australian Transport Safety Bureau, *Proof Hansard*, 26 February 2018, pp. 59–60.

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importance of timely weather reporting and whether this matter was sufficiently covered in the report.<sup>18</sup>

### **Airservices Australia**

2.25 Airservices Australia provided the committee with an update on the OneSKY Australia program. Under OneSKY, civilian and military air traffic control will be managed under one system. The committee was informed that the final contracts for OneSKY were executed in February 2018.<sup>19</sup>

2.26 Mr Jason Harfield, CEO of Airservices Australia, advised the committee that the final contract value of acquisition was \$1.2 billion, with a cost allocation ratio of 57 per cent Airservices Australia and 43 per cent Department of Defence. He also explained that work had commenced on the voice communication system and will be commissioned later this year.<sup>20</sup>

2.27 Mr Harfield explained to the committee that OneSKY will enable greater route optimisation, providing a more efficient air traffic route as well as trajectory-based operational improvements such as climb and descent. In terms of the benefits of these improvements, the committee was informed that Deloitte conducted an assessment which identified more than \$1 billion in economic benefits.<sup>21</sup>

2.28 The committee also extensively traversed the topic of firefighting foam containing per- and poly-fluoroalkyl substances (PFAS). Airservices Australia informed the committee that all the foams that it uses are certified by the Civil Aviation Safety Authority. It noted that firefighting foam is used for operational purposes only and that all of its firefighters are required to have personal protective equipment.<sup>22</sup>

2.29 At Darwin and Townsville airports, where Airservices Australia is under contract to the Department of Defence, Ansulite aqueous film-forming foam (AFFF) is used. With regard to the remaining 24 airport operation services provided by Airservices Australia, the agency transitioned to a PFAS-free foam, Solberg RF6, in 2010.<sup>23</sup>

2.30 In terms of the legacy of PFAS contamination, Airservices Australia informed the committee that it has conducted testing at all of its current firegrounds. It also noted that efforts are underway to understand the risk profile while control measures are in place to manage the health and safety risks.<sup>24</sup>

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18 *Proof Hansard*, 26 February 2018, pp. 62–65.

19 *Proof Hansard*, 26 February 2018, pp. 72–73.

20 Mr Jason Harfield, Airservices Australia, *Proof Hansard*, 26 February 2018, p. 73.

21 *Proof Hansard*, 26 February 2018, p. 74.

22 *Proof Hansard*, 26 February 2018, p. 81.

23 *Proof Hansard*, 26 February 2018, p. 82.

24 *Proof Hansard*, 26 February 2018, p. 81.

2.31 The committee asked Airservices Australia about flight paths to Hobart Airport introduced in September 2017. Mr Harfield noted that the change was made to improve the safety of the flight path into Hobart Airport. However, he acknowledged that the agency's community consultation had been inadequate. In response to concerns raised by the public following the flight path change, Airservices Australia corrected the flight path but was not able to restore it to the exact path used previously. Terms of reference for a further review were developed to consider further improvements to the flight path and address community concerns.<sup>25</sup>

### **Civil Aviation Safety Authority**

2.32 The committee's primary line of questioning concerned the grounding of eight of the nine pilots who worked for the air ambulance company, FalconAir.

2.33 The committee sought information from the Civil Aviation Safety Authority (CASA) in relation to each pilot involved. CASA informed the committee that the pilots' qualifications were either not current or had not been validly checked. CASA's CEO, Mr Shane Carmody, noted that if the pilots had continued to fly, they would have been in breach of both their own operations manual and the provisions of the Civil Aviation Regulations 1988. He concluded that, as many of the pilots were outside the operational proficiency checks, he had no confidence that the checking and training regime was operating to ensure that the pilots were proficient.<sup>26</sup>

2.34 The committee also considered the circumstances of a subsequent exemption signed by Mr Carmody as Director of Aviation Safety on 21 December 2017 to allow FalconAir's Falcon 50 to operate over the Christmas period.<sup>27</sup>

### **Infrastructure Investment Division**

2.35 The officials of the Infrastructure Investment Division within the Department of Infrastructure, Regional Development and Cities provided an update on a review of the Disability Standards for Accessible Public Transport. A review of these standards commenced in December 2017. A discussion paper will be released in March 2018 with a submissions process to be undertaken alongside public consultations which will be held across the country until mid-2018.<sup>28</sup>

2.36 The National Partnership Agreement (NPA) entered into by the Commonwealth with state and territory governments in October 2014 with regard to road and rail projects underpins the working relationship between the respective governments. With the NPA due to expire in June 2019, the department has initiated discussions with the states and territories on the terms of a new NPA.<sup>29</sup>

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25 Mr Jason Harfield, Airservices Australia, *Proof Hansard*, 26 February 2018, pp. 84–86.

26 Mr Shane Carmody, Civil Aviation Safety Authority, *Proof Hansard*, 26 February 2018, pp. 95–113

27 Mr Shane Carmody, Civil Aviation Safety Authority, *Proof Hansard*, 26 February 2018, p. 95.

28 *Proof Hansard*, 26 February 2018, pp. 114–115.

29 *Proof Hansard*, 26 February 2018, p. 119.

2.37 The committee received updates on a number of infrastructure projects, including:

- Perth Freight Link;
- Bridgewater Bridge;
- Hobart Airport roundabout;
- Bolivia Hill upgrade;
- Scone bypass;
- Tenterfield heavy vehicle bypass;
- North East Link;
- Melbourne Airport rail link; and
- Faster Rail program.<sup>30</sup>

### **Cities Division**

2.38 The committee received an update on a number of existing and progressing city deals including the Townsville, Launceston and Darwin city deals.

#### ***Townsville City Deal***

2.39 The Townsville City Deal, signed in late 2016, included Commonwealth funding of \$100 million towards the construction of the North Queensland Stadium and \$150 million toward the construction of the Townsville Eastern Access Rail Corridor.<sup>31</sup>

2.40 The City Deal included a commitment to create a local partnership forum to provide insight on local issues. The forum is also expected to serve as a conduit between the community and the executive board that implements the deal. This forum held its first meeting in September 2017.<sup>32</sup>

#### ***Launceston City Deal***

2.41 The Launceston City Deal was finalised in April 2017 and included Commonwealth funding of \$149.33 million towards projects such as the Tamar Estuary taskforce, relocation of the University of Tasmania, the City Heart Redevelopment Project and the Smart Cities project.<sup>33</sup>

2.42 The Launceston City Deal executive board met early in 2018 and resolved to create a community and business forum.<sup>34</sup>

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30 *Proof Hansard*, 26 February 2018, pp. 116–129.

31 *Proof Hansard*, 26 February 2018, p. 131.

32 *Proof Hansard*, 26 February 2018, p. 135.

33 *Proof Hansard*, 26 February 2018, p. 131.

34 *Proof Hansard*, 26 February 2018, p. 135.

***Darwin City Deal***

2.43 A memorandum of understanding between the Commonwealth and Northern Territory Government was signed in May 2017 as a step towards a future City Deal for Darwin. Thereafter, a broad-ranging community consultation process was undertaken in Darwin to seek input from the community about preferred priority projects.<sup>35</sup>

2.44 The department informed the committee that it is working with its Northern Territory counterparts to discuss what a City Deal for Darwin would look like.<sup>36</sup>

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35 *Proof Hansard*, 26 February 2018, p. 133.

36 *Proof Hansard*, 26 February 2018, p. 133.