

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates 2017 - 2018

**Infrastructure and Regional Development**

**Committee Question Number:** 06

**Departmental Question Number:** SQ17-000173

**Program:** n/a

**Division/Agency:** Australian Rail Track Corporation

**Topic:** Inland Rail

**Proof Hansard Page:** 46-47 (22 May 2017)

**Senator Rice, Janet asked:**

**Senator RICE:** Going back to the tricky bit of the project, from Toowoomba, and the tunnelling that is going to be required, do you have an estimate of what the cost per kilometre for the tunnelling will be?

**Mr Mrdak:** There were estimates in the business case. We are happy to provide that on notice.

**Answer:**

The estimated cost of tunnelling on the Inland Rail tunnels in Queensland is approximately \$125 million per kilometre (this includes all construction work between portals).

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**Infrastructure and Regional Development**

**Committee Question Number: 07**

**Departmental Question Number: SQ17-000174**

**Program: n/a**

**Division/Agency: Australian Rail Track Corporation**

**Topic: Inland Rail Business Case – Possible Property Acquisition**

**Proof Hansard Page: 51 (22 May 2017)**

**Senator Gallacher, Alex asked:**

**Senator GALLACHER:** There are 600 kilometres that you have identified as greenfields. How many properties do you expect to have to interact with there?

**Mr Fullerton:** I would have to take that on notice in terms of what the estimate would be. Virtually all of it is farming property or state-owned land in terms of forests

**Answer:**

Based on the alignment used in the Inland Rail Business Case, there are approximately 1060 land titles that may be affected by an acquisition. There is an estimated 425 private land owners as some owners have more than one title. These numbers are indicative and are subject to refinement as the design process proceeds.

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**Infrastructure and Regional Development**

**Committee Question Number:** 08  
**Departmental Question Number:** SQ17-000175

**Program:** Inland Rail  
**Division/Agency:** Australian Rail Track Corporation  
**Topic:** Inland Rail Port of Gladstone Link Prefeasibility Study  
**Proof Hansard Page:** 52-53 (22 May 2017)

**Senator Ketter, Chris asked:**

**Senator KETTER:** I am referring to an announcement that was made on April 2017 by Senator Canavan and a local member of parliament. What is your department's connection with this announcement?

...

**Mr Wood:** It is a study that has been put out to be undertaken currently by AECOM, a major global consultancy house. They are in the late stages of completing that work. We are expecting a draft in the near future.

...

**Senator KETTER:** Is it expected that the feasibility study report will be handed down in the middle of this year?

**Mr Wood:** That is our expectation. Before the end of this financial year, it will come to the department as a draft, and we will obviously need to work through the draft with the consultants for it to be finalised and then provided to the minister.

**Senator KETTER:** In the thinking behind the election commitment—you may not be in a position to answer this question—was there a business case put together to justify going ahead with the feasibility study?

**Mr Wood:** The feasibility study is a very preliminary study so that would inform decisions about how to better take it forward. There has been no substantive work previously on an extension of Inland Rail to Gladstone. This would be the first step in considering that.

**Senator KETTER:** Can you tell me what is the expected final cost of the feasibility study?

**Mr Wood:** I would have to take on notice the cost of the consultancy but it is within the election commitment of \$250,000.

**Answer:**

The cost of the prefeasibility study is estimated at \$244,914 (including GST).

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**Infrastructure and Regional Development**

**Committee Question Number: 09**

**Departmental Question Number: SQ17-000176**

**Program: 1.1 Infrastructure Investment**

**Division/Agency: Australian Rail Track Corporation**

**Topic: The \$100 million commitment towards the upgrades of the Victorian North East Rail Line**

**Proof Hansard Page: 57 (22 May 2017)**

**Senator Rice, Janet asked:**

**Senator RICE:** Do you expect that once the \$100 million has been spent we will have passenger trains that will be able to travel at 160 kilometres an hour on the Victorian part of the network?

**Mr Mrdak:** I cannot give you an indication of what the performance requirements will be until such time as I have had the discussions with Victoria and the ARTC.

**Senator RICE:** Will the development of that performance criteria be a public process that the public can have input into?

**Mr Mrdak:** I would have to take that on notice. I do not think we are enough advanced to give you any assurances, in relation to that.

**Answer:**

The Australian Government has commenced discussions with the Victorian Government and the Australian Rail Track Corporation (ARTC) on improvements to the Victorian North East Rail Line. The actual performance standards that will apply to the ARTC network in Victoria will be determined through subsequent negotiations between the Australian and Victorian governments and the ARTC for the line upgrade. The specific performance requirements of the line for passenger services will be determined by the Victorian Government, as the owner of the V/line passenger operator and the ARTC in the context of any future lease negotiations.

Direct engagement with the public in any consultation process is a matter for the Victorian Government and V/Line, as the provider of passenger services. The capability of rolling stock used on the Victorian North East Rail Line for passenger services is also a matter for the Victorian Government.

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**Committee Question Number: 10**

**Departmental Question Number: SQ17-000177**

**Program: n/a**

**Division/Agency: Australian Rail Track Corporation**

**Topic: Victoria NE Line Expenditure**

**Proof Hansard Page: 58 (22 May 2017)**

**Senator Rice, Janet asked:**

**Senator RICE:** Mr Fullerton, I have some questions that you might need to take on notice about the amount of expenditure on the northeast line over the last 12 months. How much has been spent by the ARTC on the northeast line over the last year?

**Mr Fullerton:** I could provide that on notice, if you like, because it is a combination of recurrent expenditure and capital works.

**Senator RICE:** If you could take that on notice and itemise it according to maintenance, repairs and capital works, and whether that is in line with what you budgeted over that 12-month period or what the difference is. Finally, there have been 20 cancellations on the northeast line reported in the last month, so could you provide advice as to the causes of all of those cancellations?

**Mr Fullerton:** I can do that. The bulk of those cancellations were operator cancellations.

**Senator RICE:** Please itemise why those 20 cancellations have occurred.

**Mr Fullerton:** I will seek to get that information from V/Line.

**Answer:**

**Maintenance Budget**

North East Victoria Expenditure FY16-17 (as at end-May 2017)

<b>Expenditure Type</b>	<b>FYFC</b>
Capital	\$2,998,094
Major Periodic Maintenance (MPM)	\$2,233,949
Reactive Corrective Routine Maintenance (RCRM)	\$2,492,837
<b>Total Maintenance</b>	<b>\$4,726,786</b>
<b>Total Spend</b>	<b>\$7,724,881</b>

The works delivered were provided for within the planned Interstate maintenance budget.

**Train Cancellations**

The Australian Rail Track Corporation (ARTC) understands the V/Line Albury line train cancellations from 20 April to 20 May were as a result of operator cancellations due to train (locomotive) faults or unavailable train sets. ARTC is provided notice of cancellation by rail operators but is not provided the cause of the service cancellation(s). This is information held by the respective rail operator.

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**Committee Question Number: 11**

**Departmental Question Number: SQ17-000178**

**Program: 1.1 Infrastructure Investment**

**Division/Agency: Australian Rail Track Corporation**

**Topic: Commonwealth Procurement Rules**

**Proof Hansard Page: 96 (22 May 2017)**

**Senator Xenophon, Nick asked:**

**Senator XENOPHON:** Just very quickly—I do not need long—in general terms, the new Commonwealth Procurement Rules go to issues of Australian standards, employment, environmental issues, occupational health and safety laws and the potential economic effects of a procurement decision, which are all new provisions that were not there previously. Has there been a shift in the way that the department undertakes Commonwealth procurement projects as a result of these new rules?

...

**Senator XENOPHON:** It is my understanding—I do not know if this will assist your officers—that a government business enterprise, as I think the ARTC is, is subject to the CPRs, the Commonwealth Procurement Rules.

**Mr Mrdak:** We will confirm that.

**Senator XENOPHON:** Is that a shake of the head or a nod?

**Mr Mrdak:** We will confirm that on notice, but I think Mr Fullerton's evidence to this committee at the last two hearings is a very strong support for Australian suppliers.

**Senator XENOPHON:** When the Commonwealth provides funding to the states for an infrastructure program, there is no requirement on the states to comply with the Commonwealth rules or can you make that a condition of that funding?

**Mr Mrdak:** I will take that on notice. Most states also have their own procurement requirements.

**Senator XENOPHON:** The New South Wales government, I think, a year or so ago famously used 100 kilometres of Spanish rail lines for a project.

**Mr Mrdak:** I will take that on notice and check that.

**Answer:**

1. The Australian Rail Track Corporation (ARTC) is not subject to the Commonwealth Procurement Rules (CPRs). Subclause 2.2 of the CPRs indicates Officials from non-corporate Commonwealth entities and prescribed corporate Commonwealth entities listed in Section 30 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) must comply with the CPRs when performing duties related to procurement. ARTC is a Commonwealth Company and not listed in Section 30 of the PGPA Rule.
2. The CPR's do not apply to the states and territories. The Commonwealth provides funding to states and territories for infrastructure investment projects through the Infrastructure Investment Programme. This is undertaken in accordance with the National Partnership Agreement on Land Transport Infrastructure projects (NPA), and the Notes on Administration for Land Transport Infrastructure projects 2014-15 to 2018-19 (NoA). The NPA and the NoA outline a range of conditions of funding including compliance with Commonwealth laws such as Australian Government environment and heritage legislation and compliance with the Building Code and the Australian Government Building and Construction WHS Accreditation Scheme. It is also a condition of funding that the states implement a Local Industry Participation Plan. States and Territories often have their own procurement requirements in addition to this.

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**Infrastructure and Regional Development**

**Committee Question Number: 12**

**Departmental Question Number: SQ17-000297**

**Program: Inland Rail**

**Division/Agency: Australian Rail Track Corporation**

**Topic: Environmental approvals for Inland Rail**

**Proof Hansard Page: Written (2 June 2017)**

**Senator Sterle, Glenn asked:**

Isn't it true that the ARTC haven't even identified a preferred alignment between the NSW border and Toowoomba, let alone gained the environmental approvals for the hundreds of kilometres of the project proposed for Queensland?

- How long do you think it will take to obtain those approvals?

**Answer:**

The Inland Rail project has been divided into 13 sections, five of which are in Queensland. Each section of Inland Rail has different complexities, and the Australian Rail Track Corporation has developed different timeframes to achieve key milestones along each section. As such, the environmental approvals process is at various stages for Inland Rail in Queensland.

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**Committee Question Number: 13**

**Departmental Question Number: SQ17-000298**

**Program: Inland Rail**

**Division/Agency: Australian Rail Track Corporation**

**Topic: Bromelton inclusion in Inland Rail scope**

**Proof Hansard Page: Written (2 June 2017)**

**Senator Sterle, Glenn asked:**

- Is it true that you have recently changed the project to include a section between Kagaru and Bromelton?
- Apart from just adding it to your webpage, can you detail the public consultation you've undertaken recently on this change?
- When was this decision made and who made it?
- How was that decision made?
- Was the Queensland Department of Transport and Main Roads informed of your decision at the time it was made?
- Is it true that it was on Friday, 19 May that the Queensland Department of Transport and Main Roads first learnt that you had decided to change the project in this way?
- Is it true that senior officials from the Queensland Department of Transport and Main Roads were frustrated and disappointed at the shambolic situation whereby the first time they see such an important development is via your website?
- Can you see how the Queensland Government might be very concerned about your ability to consult and engage their communities on this project when you can't even ensure that proposed project changes are communicated to them in a respectful, timely manner?

**Answer:**

Yes.

Public consultation will be undertaken as part of the environmental assessments and reference design phase.

The decision to include Kagaru to Bromelton was made on 4 April 2017. The Inland Rail Steering Committee decided on 4 April 2017 to clarify the scope of the Kagaru to Acacia Ridge section to include Kagaru to Bromelton. This is due to the location of an existing intermodal freight facility and the prospect of further similar developments.

The Department is working closely with the Queensland Government and has implemented mechanisms for sharing information.



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**Infrastructure and Regional Development**

**Committee Question Number:** 166

**Departmental Question Number:** SQ17-000346

**Program:** n/a

**Division/Agency:** Australian Rail Track Corporation

**Topic:** ARTC Procurement Process

**Proof Hansard Page:** 39 (22 May 2017)

**Senator Gallacher, Alex asked:**

**Senator GALLACHER:** Well, I can probably assure you there will be a unity ticket from South Australia between all members of parliament in respect of securing the 132,000 tons of Australian made steel at Arrium. I would be very pleased if on notice you could actually provide where they fit in the business in terms of the productivity of this job. Are the indirect job benefits quantified, managed and explained? Or is it just left to you, Mr Fullerton, to make a decision at the end of the day?

**Answer:**

Potential suppliers to ARTC are assessed under a range of commercial considerations, including value for money and the suitability and capability of the vendor to deliver the work, or supply the materials according to relevant standards. Indirect job benefits are not assessed as part of the ARTC procurement process.

ARTC has had longstanding arrangements with Arrium in terms of rail and steel supply. For the supply of rail and steel for the Inland Rail project, ARTC will go to the market with a competitive tender process. As a local manufacturer of steel, Arrium are well placed to put forward a competitive tender.

ARTC has completed an Australian Industry Participation Plan (AIPP) for the Inland Rail Programme which was endorsed and approved by the Department of Industry, Innovation & Science in July 2016. ARTC's compliance with the AIPP is measured every 6 months – with the last compliance report being approved by the Australian Industry Participation Authority on the 19 April 2017.

In support of the Victorian, New South Wales and Queensland Government's Local Industry Policies, ARTC is committed to supporting competitive local industry and to ensuring that local industry is provided with full, fair, and reasonable opportunities to tender for work on infrastructure and resource-based projects and major procurements.