

Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2011

Infrastructure and Transport

Question no.: 4

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Building the Education Revolution projects

Proof Hansard Page/s: 35 (22/02/11)

Senator Macdonald asked:

Senator IAN MACDONALD—That is in relation to BER. The Cairns Base Hospital: was your department or Infrastructure Australia involved in the funding of that?

Mr Mrdak—No, Senator.

Senator IAN MACDONALD—Was Infrastructure Australia or the department involved in any building work at all in those electorates that I mentioned, the cyclone electorates, that you can recall?

Mr Deegan—We are not involved in any particular projects in a construction phase. The department may have some—

Senator IAN MACDONALD—No, not the construction phase, because you do not do construction, but in the looking-at and advice phase.

Mr Deegan—I am not aware of any.

Senator IAN MACDONALD—Could you take it on notice?

Mr Deegan—Yes, I will take it on notice.

Answer:

No. Infrastructure Australia was not involved.

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Infrastructure and Transport

Question no.: 5

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: National Land Freight Strategy – Climate Change issues

Proof Hansard Page/s: 37 (22/02/11)

Senator Milne asked:

Senator MILNE—I do welcome the fact that you have incorporated those. If we can go to the draft freight strategy that is out today, which you just mentioned. Can you tell me how you brought the climate change issues to bear on your policy recommendations?

Mr Deegan—Senator, because there will be a fair bit of detail in the response, can I take that on notice and come back to you? I do not have the document in front of me at the moment.

Answer:

The potential for climate change to affect the condition of infrastructure, choice of mode and location of freight generating activity is noted in the draft strategy. These matters were identified in research in developing the draft strategy and in discussions with industry stakeholders.

The draft strategy proposes that the land freight network be subject to baseline national projections for matters such as climate change generally and changes in weather events expected under climate change scenarios. This is to support the proposed principle that the network be as robust as possible to potential external-to-transport influences.

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Infrastructure and Transport

Question no.: 6

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Regional Infrastructure Fund

Proof Hansard Page/s: 38 (22/02/11)

Senator Milne asked:

Senator MILNE—They are currently before you in consideration of a priority list. Can you tell me if, in the list of requirements for Infrastructure Australia, you are also asked to perform any functions that the minister, by writing, directs Infrastructure Australia to perform? Have you had any directives from any minister about what you should or should not consider in relation to restricting the scope of your work?

Mr Deegan—No. I think I am accurate in saying we have had two directions from the minister. One was in relation to the Moorebank intermodal terminal in New South Wales, on the outskirts of Sydney, and the second, more recently, was to consider some projects that may be funded through the Regional Infrastructure Fund.

Senator MILNE—When you say to consider some projects through that particular fund, wouldn't they have been considered anyway in terms of projects that had come up through nominations from the states or otherwise?

Mr Deegan—Not necessarily.

Senator MILNE—So these are projects that the federal government wants to initiate and have you consider?

Mr Deegan—I think there are six projects: two of them have been proposed by the states; the four others are projects that the Commonwealth want to have a look at. I am happy to provide you with the details of those six.

Answer:

The six projects that may be funded through the Regional Infrastructure Fund are:

1. Gladstone Port Access Road (Qld)
2. Blacksoil Interchange (Qld)
3. Townsville Ring Road (Qld)
4. Peak Downs Highway (Qld)
5. Upgrade of the Intersection of the Bruce and Capricornia highways (Qld)
6. Gateway WA (WA)

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Question no.: 7

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Infrastructure Australia Fund

Proof Hansard Page/s: 45 (22/02/11)

Senator Ludlam asked:

Senator LUDLAM—Mr Deegan, thank you for coming back in. When Infrastructure Australia was announced, or a short time after it was announced, it was announced as a \$20 billion Infrastructure Australia fund. About a quarter of that was quarantined for version 1 of the NBN project. Open source reporting is indicating that there is about \$800 million left in the fund. I am trying to work this out. Are you only dealing with that amount of money, or are you just setting up your pipeline of projects and letting government take care of funding decisions?

Mr Deegan—Essentially the latter point. We are providing advice on a range of individual projects that have been proposed by Commonwealth, state or other bodies, but we are also, in the strategic work, looking at other major funding requirements in the long term.

Senator LUDLAM—Is the \$800 million figure correct? I just read that in a newspaper. Can you confirm it?

Mr Deegan—I would have to take that on notice. I do not know off the top of my head.

Senator LUDLAM—You do not know how much money you have left?

Mr Deegan—No, principally they are decisions that the Commonwealth take in their budget, but I will establish that for you.

Answer:

The uncommitted balance of the Building Australia Fund was \$1,181.1 million as at 31 December 2010.

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Question no.: 8

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Building Australia Fund

Proof Hansard Page/s: 46 (22/02/11)

Senator Ludlam asked:

Senator LUDLAM—Whatever happened to the Building Australia Fund? Did it just quietly get shifted back in—

Mr Deegan—The model is still there, and I will check for you the current balance.

Senator LUDLAM—Thank you.

Answer:

The uncommitted balance of the Building Australia Fund was \$1,181.1 million as at 31 December 2010.

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Question no.: 9

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: High Speed Rail Study

Proof Hansard Page/s: 49 (22/02/11)

Senator Ludlam asked:

Senator LUDLAM—Thank you. I will probably have to leave it there if I am out of time. My last question on notice then would be about whether you have any involvement in the high-speed rail study that is underway, because I presume they will be looking at many of the same corridors as your study and as are outlined in the freight strategy.

Mr Deegan—In part, yes. But I will take that on notice.

Senator LUDLAM—Yes, if you could—just the degree of the involvement that you have had. Thanks very much, Mr Deegan.

Answer:

The Office of the Infrastructure Coordinator is on the Steering Committee.

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Question no.: 10

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Main highway between Launceston and Hobart

Proof Hansard Page/s: 51 (22/02/11)

Senator Colbeck asked:

Senator COLBECK—I mentioned before, when I was talking to Infrastructure Australia, policy on the main highway between Launceston and Hobart. Has the government had any discussions with the Tasmanian government on delivering funding for a four-lane highway between Launceston and Hobart as part of the—

Mr Mrdak—It is not in current program, and I am not aware of any such discussions.

Ms O'Connell—Other than that perhaps, I think, there has been a submission to Infrastructure Australia. There may have been a submission to Infrastructure Australia on—

CHAIR—So we have just let the relevant person escape on us?

Mr Jagers—Senator, we have not been involved in discussions at departmental level on it.

Mr Mrdak—No, not at departmental level.

Ms O'Connell—We can check if there has been a submission to Infrastructure Australia.

Senator COLBECK—If you could find that out for me on notice, that would be fine, thanks.

Ms O'Connell—Yes.

Answer:

The Tasmanian Government's 2008-09 infrastructure priorities submission to Infrastructure Australia included a proposal for upgrading sections of the Midland Highway. Infrastructure Australia has not recommended the project for funding under the Building Australia Fund.

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Question no.: 11

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Split Rock Dam and Barraba - Funding

Proof Hansard Page/s: Written

Senator Williams asked:

- 1) Has there been any application for funding for a pipeline between Split Rock Dam and Barraba in northern NSW?
- 2) Is Infrastructure Australia the only body to which an application can be made for funding for a project such as this?

Answer:

- 1) Yes.
- 2) Submissions for funding of water related infrastructure can also be made to the Department of Sustainability, Environment, Water, Population and Communities. The Australian Government is currently jointly funding a feasibility study for the Barraba to Split Rock Dam project under the Water for the Future Initiative which is administered by that Department.

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Question no.: 12

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Financing for Infrastructure Australia

Proof Hansard Page/s: Written

Senator Nash asked:

Has a decision been made on Infrastructure Australia's financing beyond the end of the financial year?

Answer:

This is a matter for government in the budget context.

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Question no.: 13

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Funding for Infrastructure Australia

Proof Hansard Page/s: Written

Senator Nash asked:

In the Treasury's incoming government brief it was said that the expiration of Infrastructure Australia's funding would provide an "opportunity to consider ways to enhance its role". What changes are being considered?

Answer:

This is a matter for government.

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Question no.: 14

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Infrastructure Australia Council membership

Proof Hansard Page/s: Written

Senator Nash asked:

- 1) Is Dr Ken Henry still a member of Infrastructure Australia, and if so, will he be stepping down when he finishes as Secretary to the Treasury?
- 2) If so, will he be replaced?

Answer:

- 1) Dr Henry has been a valuable member of the Infrastructure Australia Council and his resignation as Secretary of the Commonwealth Treasury coincides with his departure from the Council.
- 2) This is a matter for government.

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Question no.: 15

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Proposal for a new or expanded dam

Proof Hansard Page/s: Written

Senator Nash asked:

- 1) Has Infrastructure Australia ever assessed a proposal for a new or expanded dam?
- 2) If so, could the agency please provide details?

Answer:

Infrastructure Australia has assessed a number of new or expanded dam proposals including:

- A submission from the Namoi Regional Organisation of Councils in 2008 regarding a number of projects including the Chaffey Dam upgrade project. The proposals were not included in the projects identified in Infrastructure Australia's May 2009 *National Infrastructure Priorities* report.
- The ACT Water Security Program which includes constructing a second wall at Cotter Dam (to increase storage from 4 to 78GL). This project was identified as a project with 'real potential' in Infrastructure Australia's June 2010 report to the Council of Australian Governments.
- The Brunswick River Dam project in Western Australia. This project was submitted in 2008 and not included in the projects identified in Infrastructure Australia's May 2009 *National Infrastructure Priorities* report. The project has been resubmitted to Infrastructure Australia in 2010 and currently under assessment as part of the 2010-11 update of national infrastructure priorities.

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Question no.: 16

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Secure Water Supply Options

Proof Hansard Page/s: Written

Senator Nash asked:

What is infrastructure Australia's view on the worth of any policy bans which in effect rules out consideration of particular options to secure water supplies, such as building new dams?

Answer:

Infrastructure Australia's review of urban water security highlighted the impact of policy bans or regulatory restrictions on the range of options considered for augmenting supply. These include less than the full suite of options being considered, least cost options often being excluded and a lack of transparency into the financial and economic costs of sub-optimal options.

The review recommended the investigation of *improved institutional structures for centralising planning and bulk water procurement functions, with the objective of bringing together all the levers for achieving security of supply under the one roof.*

Infrastructure Australia invited feedback on the report. This consultation closed on 25 March 2011.

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Question no.: 17

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Bans on rural-urban water trading

Proof Hansard Page/s: Written

Senator Nash asked:

Given that a PriceWaterhouseCoopers study recommended that institutional and legislative bans on rural-urban water trading be removed; why did the report not consider 'political constraints' on the construction of new dams?

Answer:

The PriceWaterhouseCoopers report recognised the impact of government policy bans or regulatory restrictions on the consideration of supply augmentation options.

The report also recognised the political constraints that often limit urban-rural trade. The review was conducted at the time when a number of new dams were being actively considered. At least one of those dams was the subject of environmental assessment, which subsequently meant that it did not proceed.

Infrastructure Australia considers that options should be subject to cost benefit analysis as well as assessment of the impacts on the environment and the community.

It was Infrastructure Australia's priority to remove policy bans and regulatory restrictions and at that time it was not apparent that this was a constraint on the consideration of new dams.

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Question no.: 18

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Urban Water Studies

Proof Hansard Page/s: Written

Senator Nash asked:

Given that both the National Water Commission and the Productivity Commission are undertaking urban water studies, what arrangements are in place to coordinate the work across government?

Answer:

The National Water Commission, Productivity Commission and Infrastructure Australia are working cooperatively to promote the determination and implementation of the optimal reforms in the urban water sector. In addition, all agencies are providing the opportunity for comprehensive engagement with stakeholders, including all levels of government.

Infrastructure Australia considers that the activities of each agency will be complementary and that this approach is more likely to result in the best outcomes.

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Infrastructure and Transport

Question no.: 19

Program: 1.1

Division/Agency: (IA) Infrastructure Australia

Topic: Projects

Proof Hansard Page/s: Written

Senator Ludlam asked:

- 1) Can you update us on the status of the six bids we understand the Western Australian government has made to IA, lodged in November 2009?
- 2) Can you update us particularly the status of the submission it made to establish a port near Point Torment (40km from Derby)?
- 3) Is IA aware this proposal involves a state government budget of \$42 million for road upgrades and construction that will be required for a port – to support and facilitate a marine supply base for the highly controversial Inpex Browse LNG gas hub?
- 4) What is the view of IA on providing infrastructure funding for highly wealthy multinational oil and gas industries?
- 5) Is IA aware of the planning, environmental and native title issues to be overcome in relation to building a port at the remote location?

Answer:

- 1) The status of the projects contained in the Western Australia 2009-10 submission to Infrastructure Australia is as follows:
 - Gateway WA – identified as a project with ‘real potential’ in Infrastructure Australia’s June 2010 Report to the Council of Australian Governments;
 - Pilbara Cities – identified as an ‘early stage’ project in Infrastructure Australia’s June 2010 Report to the Council of Australian Governments;
 - Kimberley Supply Base (Port Torment) – was not included in Infrastructure Australia’s Reform and Investment Priorities list reported in Infrastructure Australia’s June 2010 Report to the Council of Australian Governments;
 - Mid-West Energy - identified as a project with ‘real potential’ in Infrastructure Australia’s June 2010 Report to the Council of Australian Governments;
 - Grain Freight Network - was not included in Infrastructure Australia’s Reform and Investment Priorities list reported in Infrastructure Australia’s June 2010 Report to the Council of Australian Governments;
 - Brunswick to Bunbury Port Rail - identified as an ‘early stage’ project in Infrastructure Australia’s June 2010 Report to the Council of Australian Governments; and
 - Port Hedland Inner Harbour - identified as an ‘early stage’ project in Infrastructure Australia’s June 2010 Report to the Council of Australian Governments.
- 2) See answer to Question 1. Additional substantive information has not been provided in relation to this project by the Western Australian Government in its 2010-11 submission to Infrastructure Australia.

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- 3) Infrastructure Australia is aware that the proposed project will involve some state government road upgrades.
- 4) Through application of its Reform and Investment Framework, Infrastructure Australia considers in its assessment of projects who is best placed to fund any proposed infrastructure project.
- 5) Through application of its Reform and Investment Framework, Infrastructure Australia also considers project risks, including environmental risks.