

INFRASTRUCTURE OPENING STATEMENT

MAY 2008 SENATE BUDGET ESTIMATES HEARINGS

With the agreement of the chairman and the senators, I would like to make some opening comments in respect of the Department of Infrastructure, Transport, Regional Development and Local Government that will provide some context for today's hearing, particularly in light of our recently tabled Portfolio Budget Statements which reflects a number of government decisions that impact on the Department.

I would first like to extend an apology from our Secretary, Mike Taylor who is unable to be here today as he is representing the Minister at the inaugural meeting of the International Transport Forum in Leipzig, Germany accompanied by Phil Potterton, who heads the Bureau of Infrastructure, Transport and Regional Economics.

Australia is a founding member of the International Transport Forum, which was established in 2007 from the European Conference of Ministers of Transport and includes the United States, Canada and Australia as well as European Union nations. The ITF is part of the OECD family of organisations.

The theme of the inaugural International Transport Forum is 'Transport and Energy: the Challenge of Climate Change'. The forum will involve government, industry and research leaders and will include discussion between ministers.

It provides an important opportunity for Australia to influence developing policies in relation to climate change.

Australia will co-chair with the United Kingdom the 2009 forum on transport, infrastructure, trade and globalisation.

Portfolio Budget Statements

On 13 May the 2008-09 Portfolio Budget Statements were tabled in Parliament.

Senate Standing Committee on Rural and Regional Affairs and
Transport
Budget estimates 2008-2009
DEPT OF INFRASTRUCTURE

Tabled document no: 1

By: *Ms Susan Page, Acting Secretary*

Date: *28 May 2008*

Consistent with guidance from the Department of Finance and Deregulation, the PBS now contains a Strategic Direction Statement, Outcome Strategies and improved performance indicators and accompanying narrative.

The PBS also reflects the Portfolio's newly approved Outcome and Output Structure which includes minor modifications to the Portfolio's previous two outputs and the introduction of an additional Outcome which reflects the Department's expanded role in Infrastructure:

“Assisting the Government to provide, evaluate, plan and invest in infrastructure across industry sectors.”

Organisation Structure

Since the last hearings the Department's organisation structure has undergone a number of changes:

- In March, Deputy Secretary Mike Mrdak transferred to the Department of Prime Minister and Cabinet. A selection process to fill this vacancy is underway. Mr Andrew Wilson is presently acting in this position.
- Reflecting the new Outcome/Output structure the Secretary has taken the opportunity to broaden the experience of a number of SES officers by moving them within the organisation. This has involved the movement of the following staff:
 - Carolyn McNally transferred to Executive Director, Infrastructure Investment Division (11 March 2008).
 - John Angley transferred to Executive Director, Local Government and Regional Development Division (11 March 2008).
 - Leslie Riggs transferred to Executive Director for National Transport Strategy Unit (11 March 2008).
 - Karen Gosling transferred to General Manager, Aviation and Airports Division (11 March 2008).
 - Neil Williams transferred to General Manager Rail, within the Infrastructure Investment Division (11 March 2008).

- Joan Armitage transferred to General Manager, Infrastructure Australia Coordination (11 March 2008).
 - Jim Wolfe transferred to General Manager, Aviation Projects, incorporating the existing airspace and future air traffic management agenda activities and the co-ordination of the future aviation policy agenda in Aviation and Airports Division (11 March 2008).
 - Stuart Sargent transferred to Head of Aviation Security Policy and Legislation, Office of Transport Security (11 March 2008).
 - Andrew Byrne returns from Indonesia to take up the role of Branch Head, Analysis and Operational Support, Office of Transport Security (11 March 2008).
- In parallel the Department has undertaken a number of structural changes to better reflect the Government's focus. This has involved:
 - The establishment of the National Transport Strategy Division
 - The transfer of the road safety function from the ATSB to the Infrastructure and Surface Transport Policy Division – this division was formerly the Maritime and Land Transport Division;
 - The expansion of the former Auslink Division to incorporate a broader infrastructure agenda and a corresponding name change to Infrastructure Investment Division;
 - The creation of a Local Government and Regional Development Division;
 - The establishment of Infrastructure Australia which will be co-located with the proposed Major Cities Unit, in Sydney.

A copy of the Department's organisation diagram, as at 13 May 2008, is at page 16 of the PBS.

Budget Decisions and Implications

Budget decisions have a number of implications for the Department.

New measures are set out on pages 20-21 of the PBS.

In the Budget context the Government announced that the Regional Partnerships and Sustainable Regions Programs would not accept any new applications or finalise consideration of existing applications.

However, the Government has confirmed that all 452 already approved and contracted projects would continue consistent with their current terms and conditions.

The Department's decision to close four of its offices in Brisbane, Perth, Adelaide and Melbourne follows a Government decision to reduce departmental funding by \$5 million in 2008-09 and \$7.5 million in 2009-10 and the outyears. The reduction in funding reflects the decisions relating to the future of the Regional Partnerships Program and the Sustainable Regions Program and the corresponding reduction in the costs of administration.

In addition to closing the four offices, savings are being generated by reducing numbers of Canberra staff involved in regional program administration and supplier expenses.

We are working closely with the staff of those four offices to identify redeployment opportunities across other areas of the Department or in other APS agencies, in accordance with the Department's Collective Agreement (CA) and advice provided by the Australian Public Service Commission. Where possible, affected staff will be redeployed to the National Office, other State and Territory Offices and to other APS agencies in those locations. Consistent with the Department's CA, staff who do not wish to be redeployed will be made an offer of Voluntary Redundancy. There will also be a reduction in staffing numbers in the Local Government and Regional Development Division in National Office in Canberra. Regional Offices in Darwin and Townsville will play a key role in implementing the Office of Northern Australia. Staffing numbers in national office and the remaining regional development offices will be reviewed as they progressively take up their changing roles over the coming months.

Consistent with the advice provided by the Secretary on this issue at the February estimates, the Department will streamline its operations in order to accommodate,

without impact on staffing numbers, the 3.25 per cent efficiency dividend in 2008-09. This will involve close monitoring of supplier expenses.

Turning to the work of the individual Divisions -

Infrastructure Investment

During the course of 2008, the Department has assisted the establishment of Infrastructure Australia. The Department has managed the drafting of the legislation which received Royal Assent on 8 April. The Minister has announced the Infrastructure Australia members and preparations are underway for their first meeting next week.

The Government announced in the Budget that it will allocate \$20 billion to the Building Australia Fund, money which in years to come will be used to build economic infrastructure such as roads, rail, ports and broadband. Allocations from the Fund will be guided by Infrastructure Australia's national audit and infrastructure priority list, the first of which will be presented to the March 2009 meeting of COAG.

Consistent with the Minister's announcement in February that Infrastructure Australia would be located in Sydney, the Department has located suitable accommodation in Phillip Street, close to Commonwealth offices and the financial sector. It is anticipated that Infrastructure Australia will be operational from this site by 1 July 2008, as anticipated by the Government.

The Government announced 45 early start road and rail projects worth \$560 million in the Budget. Further detail on these projects is available both on the Department's website and in the Minister's Budget package. These early start projects will help plan upgrades to interstate transport networks and critical freight corridors. The Department is currently working with States and Territories to implement these projects.

The Tackling Urban Congestion measure totalling \$75 million announced in the Budget will allow the states to undertake a series of extensive studies into a number of

projects aimed at examining transport flows in our cities and the productivity of our economy.

The Division is also responsible for administering the new Heavy Vehicle Safety Program. Under this program the Government will spend \$70 million over 4 years to fund trials of technologies to address speed and fatigue; construction of rest stops and parking areas on highways; and upgrades to freight routes. Funding will, however, be contingent upon implementation at the Commonwealth level, of new road user charges agreed by all transport Ministers, in February this year.

Local Government and Regional Development

On Budget night, the Government announced the introduction of a new Regional and Local Community Infrastructure Program. The Government will commence work on the development of this program for consideration in the 2009-10 Budget context. The Office of Northern Australia is being established within the Division.

Australian Transport Safety Bureau

The Australian Transport Safety Bureau will continue to conduct selective transport safety investigations into aviation, marine and rail occurrences with resources targeted toward those accidents and incidents from which safety lessons are most likely to be derived, and international commitments.

ATSB resourcing for 2008-09 is similar to the current year after allowing for the transfer of the ATSB's former road safety policy and research functions to the Infrastructure and Surface Transport Policy Division reflecting the road safety priority of the Australian Transport Council, which manages the Department's ATC responsibilities. Its funding will reduce by \$0.162m over 2007-08 levels, reflecting partial flow on of the efficiency dividend.

Funding to ATSB includes provision for ongoing support to the Indonesian Transport Safety Assistance Package with some \$1.9m allocated to the ATSB for investigation, training and other assistance projects in 2008-09. Significant assistance has already

been provided in 2007-08, including with the high profile Garuda and Adam Air accident investigations.

Office of Transport Security

The Department will continue its program of inspection and audits of transport industry participants focusing on those areas of higher security risk and will maintain its engagement with influential states and organisations to influence the preventative security agenda on a regional and international level.

Government directed savings of \$7.122m over four years will be delivered primarily through a reduction in overseas representation in Washington and Singapore. The number of overseas posted officers will be reduced from nine to six. In addition, two Canberra based positions which support the overseas activities will cease. The department will continue to assess the effectiveness of aviation security arrangements at airports which have direct flights to Australia using staff from Canberra and from our posts at Jakarta and Manilla where appropriate.

Aviation and Airports

Following the release by the Government of an Aviation discussion paper in April this year the Department will assist the development of the Government's National Aviation Policy White Paper as a comprehensive statement of aviation policy.

Consultations on issues to be addressed in the paper have already commenced with a range of stakeholders following the launch.

A National Aviation Policy Green Paper will be released in the latter half of 2008, with further consultation with stakeholders planned prior to the finalisation of a detailed National Aviation Policy Statement in mid-2009.

Infrastructure and Surface Transport Policy

The Department will provide leadership and policy input to support a range of infrastructure and transport reform directions identified by the Council of Australian Governments and the Australian Transport Council in 2008-09. Key initiatives include the delivery of the road pricing reform agenda, the provision of a reformed national system for the regulation, registration and licensing of heavy vehicles, and development of a single national approach to maritime safety regulation; under the banner of the National Transport Policy.

On other maritime matters the Department has provided a submission to the current parliamentary inquiry into coastal shipping policy and regulation and has appeared before the House of Representatives committee conducting the inquiry. The inquiry is scheduled to complete its work in October 2008.

The Department is also implementing the Government's decisions announced in the Budget to increase subsidies under the Bass Strait Passenger Vehicle Equalisation Scheme and to expand the Tasmanian Freight Equalisation Scheme to include goods carried between King Island and Flinders Island and the main island of Tasmania.

At the same time it is undertaking an extensive consultation process in regards to implementing administrative changes to the Tasmanian freight programs. The Government is currently considering the timing of the implementation of the reforms.

Finally, the Government's 2008-09 Budget has delivered \$17 million over five years to fund an important and innovative road safety initiative - *keys2drive* - which will provide more than 200,000 free driving lessons to learner drivers. The Department will be responsible for administering funding to deliver this national program.

National Transport Strategy

Following agreement by the Australian Transport Council on February 29 this year, the National Transport Strategy Division will assist the Minister to develop a National

Transport Policy to facilitate a single national transport marketplace through uniform regulatory approaches, better collaboration in planning and investing in infrastructure to serve freight supply chains and the movement of people, particularly in major cities, and embrace the need to achieve environmental outcomes in the context of the climate change agenda and to improve road and rail safety. A small Division has been created through use of existing resources to support this work.

Bureau of Infrastructure, Transport and Regional Development

The Bureau of Infrastructure, Transport and Regional Economics' analysis, research and statistics will underpin the department's work to deliver against the key portfolio priorities for 2008-09. As well as completing research underway Bureau will develop and undertake new research projects aimed at informing the government's infrastructure, transport, regional and cities agenda.

A recently established Climate Change Task Force co-ordinates transport and infrastructure advice to inform development of the Government's climate change policy agenda, which is managed by the Department of Climate Change.

Corporate Services Division

Following the appointment of David Banham as Chief Operating Officer and Head of Corporate Services Division in March this year the Division is currently undergoing a restructure to enhance the People and Planning Branch that combines both HR Policy and Strategy along with HR Operations.

The Division continues to provide strong support across a range of functions including financial management, internal planning and reporting, legal, office services, communications and ministerial and parliamentary support.

I hope that these comments will assist the committee in terms of providing context for the range and diversity of activities undertaken by the Department. We look forward to addressing the questions from the Senate committee. Thank you chairman.