

Chapter 3

Infrastructure, Transport, Regional Development and Local Government portfolio

Department of Infrastructure, Transport, Regional Development and Local Government

3.1 The committee heard evidence from the department on Wednesday 27 May and Thursday 28 May 2009. The hearing was conducted in the following order:

- Corporate Services
- Infrastructure Australia
- Australian Rail Track Corporation Ltd
- Nation Building—Infrastructure Investment
- Infrastructure and Surface Transport Policy
- National Transport Strategy
- Australian Maritime Safety Authority
- Bureau of Infrastructure, Transport and Regional Economics
- Inspector of Transport Security
- Office of Transport Security
- Aviation and Airports
- Airservices Australia
- Civil Aviation Safety Authority
- Australian Transport Safety Bureau
- Local Government and Regional Development
- Office of Northern Australia

Acting Secretary's overview

3.2 In his opening remarks, the Acting Secretary, Mr Andrew Tongue, noted that since Additional Estimates hearings in February 2009, Mr Michael Taylor had retired as Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government (the department). The Acting Secretary reported that on 14 May 2009 the Prime Minister announced the appointment of Mr Mike Mrdak as

secretary of the department commencing on 29 June 2009.¹ The committee thanks Mr Taylor for his work with the department and wishes him well in retirement.

Corporate Services

3.3 Committee members sought information on current and projected staffing levels for the department. The committee heard from the department that:

As at 31 March we had 1,242 full-time equivalent staff. That is probably around 36 up from where we were projecting, but we still expect to finish the year on our projections or around 1,200.²

3.4 The department went on to explain that 108 staff would transfer to the Australian Transport Safety Bureau when it completed the process of becoming an independent statutory authority.³ Seeking more detail on staffing levels the committee questioned officers on the anticipated use of consultants.⁴ Officers told the committee that the department was not anticipating the use of 'lots of consultants' but may employ a number of non-ongoing staff.⁵ Officers undertook to provide more detail to the committee on notice when divisional budgets were finalised.⁶

3.5 The committee was interested in how funding for various programs was reported in the budget documents and portfolio budget statements.⁷ Officers advised the committee that under the new federal financial framework a large proportion of funding is paid directly from the Commonwealth Treasury to state and territory treasuries.⁸ In his opening statement the Acting Secretary advised the committee that under this structure 'the department retains policy and implementation responsibility for these programs while Treasury recognises the appropriation and expenses'.⁹ The remainder of the programs, officers also told the committee, were funded through the department.¹⁰

3.6 The committee also sought information about:

- media monitoring (*Proof Estimates Hansard*, 27 May 2009, pp 12–14);

1 *Proof Estimates Hansard*, 27 May 2009, p. 3.

2 *Proof Estimates Hansard*, 27 May 2009, p. 18.

3 *Proof Estimates Hansard*, 27 May 2009, p. 18.

4 *Proof Estimates Hansard*, 27 May 2009, pp 18–19.

5 *Proof Estimates Hansard*, 27 May 2009, pp 18–19.

6 *Proof Estimates Hansard*, 27 May 2009, p. 19.

7 *Proof Estimates Hansard*, 27 May 2009, pp 6–7.

8 *Proof Estimates Hansard*, 27 May 2009, p. 6.

9 *Proof Estimates Hansard*, 27 May 2009, pp 3–4.

10 *Proof Estimates Hansard*, 27 May 2009, p. 7.

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- departmental liaison officers (pp 20–21); and
 - the division of responsibilities between the Parliamentary Secretary and the Minister (p. 21).

Infrastructure Australia

3.7 The committee sought information on infrastructure projects announced in the budget.¹¹ Specifically, the committee sought more detail on the process for selecting the projects. Infrastructure Australia advised that the projects had been selected following prioritisation in accordance with the *Outline of Infrastructure Australia's Prioritisation Methodology*.¹² The committee heard that all the projects announced in the budget had been considered by Infrastructure Australia and approved on merit and in a competitive selection process.¹³

3.8 Continuing its interest from Additional Estimates the committee questioned officers on Infrastructure Australia's consideration of future oil prices when prioritising infrastructure.¹⁴ Officers told the committee that Infrastructure Australia was still grappling with how to model the impact of future oil prices. The committee also sought information about the consideration of land use planning issues and how these affect the consideration of infrastructure projects.¹⁵ Officers told the committee that when working with proponents of projects Infrastructure Australia examines issues such as land use as part of a cost benefit analysis.¹⁶

3.9 Committee members questioned Infrastructure Australia on whether it assessed greenhouse gas emissions of proposed infrastructure projects. Officers told the committee that in regards to its prioritisation methodology:

One of the criteria that we seek to deal with...is a rating against whether or not the particular project and proponent would reduce greenhouse emissions.¹⁷

3.10 The committee also discussed the following infrastructure projects:

- the National Electricity Market (*Proof Estimates Hansard*, 27 May 2009, p. 46);
- Majura Parkway project (p. 50); and
- Bell Bay Port expansion (pp 59–60).

11 *Proof Estimates Hansard*, 27 May 2009, pp 21–31.

12 *Proof Estimates Hansard*, 27 May 2009, pp 21–22.

13 *Proof Estimates Hansard*, 27 May 2009, p. 25.

14 *Proof Estimates Hansard*, 27 May 2009, pp 43–45.

15 *Proof Estimates Hansard*, 27 May 2009, pp 44–45.

16 *Proof Estimates Hansard*, 27 My 2009, p. 44.

17 *Proof Estimates Hansard*, 27 May 2009, p. 47.

Australian Rail Track Corporation Ltd (ARTC)

3.11 The committee sought details on rail projects funded by the Australian Rail Track Corporation. Specifically senators sought information on ARTC's programs to upgrade rail sleepers.¹⁸ Officers told the committee that 4 rail sleeper manufacturing plants in Wagga Wagga, Mittagong, Grafton and Geelong that were previously scheduled to close would now remain open to provide sleepers for the program, explaining that:

All of those plants would have discontinued operation in January, so this actually continues those plants through until December this year to facilitate the million-plus concrete sleepers to be manufactured at these locations. Each of them have actually taken up the opportunity for the contracts in January and, in fact, each of them commenced operation in manufacturing the concrete sleepers in February and they are underway now.¹⁹

3.12 The committee was interested in the Hunter Valley rail expansion program.²⁰ ARTC advised that the program aimed to:

...increase the present capacity of the Hunter Valley coal chain to export 97 million tonnes per annum of coal to reach the projected level of 200 million tonnes of coal by 2013.²¹

3.13 ARTC told the committee that the program would involve \$1.2 billion worth of works involving duplication of rail lines, rail loops and upgraded signalling.²² Officers told the committee that the project would create 800 jobs per year peaking at 900 jobs in 2010.²³ To fund the program ARTC advised that it had received a \$580 million equity injection from the government which it would borrow against to achieve \$1.2 billion in funding.²⁴

3.14 The committee sought information on the upgrade of the Cootamundra-Parkes rail line.²⁵ Officers advised that the project included replacing all timber sleepers with concrete sleepers as well as replacing 201km of track.²⁶ The program was projected to cost \$91.5 million dollars and employ 160 people.²⁷

18 *Proof Estimates Hansard*, 27 May 2009, pp 65–66.

19 *Proof Estimates Hansard*, 27 May 2009, p. 66.

20 *Proof Estimates Hansard*, 27 May 2009, pp 66–70.

21 *Proof Estimates Hansard*, 27 May 2009, p. 67.

22 *Proof Estimates Hansard*, 27 May 2009, pp 66–67.

23 *Proof Estimates Hansard*, 27 May 2009, p. 67.

24 *Proof Estimates Hansard*, 27 May 2009, p. 66.

25 *Proof Estimates Hansard*, 27 May 2009, pp 71–72.

26 *Proof Estimates Hansard*, 27 May 2009, p. 71.

27 *Proof Estimates Hansard*, 27 May 2009, p. 71.

Nation Building—Infrastructure Investment

3.15 The committee sought an update from the department on the following projects:

- Gold Coast Light Rail project (*Proof Estimates Hansard*, 27 May 2009, pp 83–88);
- the Sydney West Metro rail project (p. 91);
- Rail capacity improvements at Rhyndaston in Tasmania (pp 95–96); and
- Northern Sydney rail freight corridor (pp 116–117).

3.16 The committee also discussed:

- signage for infrastructure projects (pp 79–82);
- the Black Spot Program (pp 106–109); and
- rail level crossings upgrade program (pp 132–134).

Infrastructure and Surface Transport Policy; and National Transport Strategy

3.17 The committee sought detailed information on the Tasmanian Freight Equalisation Scheme (TFES).²⁸ Officers told the committee that the budget had allocated \$117.9 million for the TFES.²⁹ The committee heard that the scheme is demand driven and for the 2008-09 financial year the program would be close to the budgeted amount.³⁰ The committee questioned officers on whether the government was currently considering changes to the TFES. The committee heard that changes were currently being considered following a report produced by the Productivity Commission.³¹ Committee members then sought detailed information on the consultation process the department had undertaken with stakeholders regarding the proposed changes.³² Officers told the committee that:

As part of the process, we saw it important to have face-to-face meetings with people who we knew had a strong interest in the scheme and were able to offer insights into the operation of the scheme that would assist us in framing advice for the minister on the changes.³³

28 *Proof Estimates Hansard*, 27 May 2009, pp 140–148.

29 *Proof Estimates Hansard*, 27 May 2009, p. 140.

30 *Proof Estimates Hansard*, 27 May 2009, pp 140–141.

31 *Proof Estimates Hansard*, 27 May 2009, pp 141–146.

32 *Proof Estimates Hansard*, 27 May 2009, pp 141–146.

33 *Proof Estimates Hansard*, 27 May 2009, p. 142.

3.18 Officers undertook to provide, on notice, more detailed information on who had been consulted in the process.³⁴

Australian Maritime Safety Authority (AMSA)

3.19 Committee members sought information on a proposed under-keel monitoring system for the Torres Strait.³⁵ Officers explained that:

We are looking at introducing an under-keel clearance monitoring system that can gauge the depth of the water beneath the ship, for safe passage through the Torres Strait. It has potential benefits for safety, and it has potential benefits for the industry itself, because obviously the lower the ship sits in the water, the more freight can go on top.³⁶

3.20 The committee heard that owing to its very technical and complex nature AMSA had been examining the issue for 12 months with officers advising that they were not able to provide an estimated cost at this stage.³⁷

3.21 The committee inquired about AMSA's role in the *Pacific Adventurer* maritime accident.³⁸ Officers told the committee that:

We were not the lead agency...our counterparts in Queensland were. We were, however, involved pretty much from the start, both providing advice to our counterparts and also deploying some of our people and coordinating the deployment of other trained people in this area to the region.³⁹

3.22 Officers explained to the committee that a report was being prepared by AMSA into the incident and that no recommendations had yet been made.⁴⁰ AMSA also provided the committee with details of the communications between the Queensland authorities and AMSA immediately following the incident advising that AMSA was contacted within six minutes of the accident occurring.⁴¹

3.23 The committee also discussed:

- AMSA's involvement with the SIEV boat explosion off the coast of Western Australia (*Proof Estimates Hansard*, 27 May 2009, p. 151).

34 *Proof Estimates Hansard*, 27 May 2009, pp 141–142.

35 *Proof Estimates Hansard*, 27 May 2009, pp 149–150

36 *Proof Estimates Hansard*, 27 May 2009, p. 149.

37 *Proof Estimates Hansard*, 27 May 2009, pp 149–150.

38 *Proof Estimates Hansard*, 27 May 2009, pp 150–152.

39 *Proof Estimates Hansard*, 27 May 2009, p. 150.

40 *Proof Estimates Hansard*, 27 May 2009, p. 151.

41 *Proof Estimates Hansard*, 27 May 2009, p. 151.

Bureau of Infrastructure, Transport and Regional Economics (BITRE)

3.24 The committee held a brief discussion with officers of the BITRE about current research into the social impacts of water allocation policies in the Murray-Darling Basin.⁴² Officers advised the committee that while BITRE had undertaken some research into the Murray-Darling Basin it had not undertaken research directly relating to the social impacts of water allocation policies.⁴³

Inspector of Transport Security (ITS)

3.25 Committee members were interested in the staffing and funding arrangements for the office of Inspector of Transport Security.⁴⁴ Officers told the committee that:

We have a base budget of \$600,000 per annum, which is intended to cover the basic administration of the office and the things that go to keeping up to speed in terms of and understanding of the environment and the changing nature of it—attending conferences, perhaps commencing inquiries or doing peripheral matters on the either end of debriefing or briefing ministers, groups of the ITC, that sort of thing.⁴⁵

3.26 In respect of staffing the committee heard that the office of the Inspector of Transport Security employs two-full time staff and two-part time staff (including the inspector in a part-time position).⁴⁶

3.27 The committee questioned officers on whether ITS would be undertaking an investigation into a security incident at Sydney airport on 22 March 2009.⁴⁷ Committee members expressed concern when the Inspector, Mr Palmer, advised that he had not been asked to inquire into the incident.⁴⁸ The Acting Secretary responded that the incident was:

...the subject of an AFP investigation, a New South Wales Police investigation and an independent investigation by the Secretary of the Attorney-General's Department. Looking at that number of investigations, the fact that they are still court matters and that the New South Wales Police investigation is ongoing, the question we often face is: what more would we learn?⁴⁹

42 *Proof Estimates Hansard*, 27 May 2009, p. 153.

43 *Proof Estimates Hansard*, 27 May 2009, p. 153.

44 *Proof Estimates Hansard*, 28 May 2009, pp 4–5.

45 *Proof Estimates Hansard*, 28 May 2009, pp 4–5.

46 *Proof Estimates Hansard*, 28 May 2009, p. 5.

47 *Proof Estimates Hansard*, 28 May 2009, pp 7–9.

48 *Proof Estimates Hansard*, 28 May 2009, p. 6.

49 *Proof Estimates Hansard*, 28 May 2009, p. 6.

3.28 The committee was interested in the activities of the ITS in relation to shipping piracy.⁵⁰ Committee members were interested to know if there is a possibility of shipping piracy coming to Australia. The committee heard that Mr Palmer was currently engaged in an inquiry into shipping piracy. ITS observed that such piracy is a global issue and potentially it 'always has the capacity to impact on Australian trade shipping or foreign trade shipping carrying Australian crew...or foreign registered ships that are carrying Australian cargo...'.⁵¹

3.29 The committee also discussed the following matters:

- inquiries undertaken by the inspector in the current financial year (*Proof Estimates Hansard*, 28 May 2009, p. 5); and
- travel costs for the ITS (pp 5–6).

Office of Transport Security

3.30 The committee sought information on the security screening of passengers at Australian airports.⁵² Officers advised that a review had been undertaken with regards to screening of passengers and a report provided to the minister.⁵³ Committee members questioned officers on what inconsistencies in security screening had been identified in the review. Officers told the committee that in terms of security outcomes no inconsistencies had been identified.⁵⁴ Officers also advised that federal legislation governed the security screening of passengers and as a result there was no legislative inconsistency between states and territories.⁵⁵

3.31 The committee also discussed:

- cargo security screening at airports (*Proof Estimates Hansard*, 28 May 2009, pp 15–20); and
- the Maritime Security Identification Card (p. 9).

Aviation and Airports

3.32 The committee sought detailed information on the proposed upgrade of Perth Airport.⁵⁶ The committee heard that a draft master plan for Perth Airport had been released which, under the Airports Act, was currently subject to a 60-business-day

50 *Proof Estimates Hansard*, 28 May 2009, p. 6.

51 *Proof Estimates Hansard*, 28 May 2009, p. 6.

52 *Proof Estimates Hansard*, 28 May 2009, pp 14–20.

53 *Proof Estimates Hansard*, 28 May 2009, p. 14.

54 *Proof Estimates Hansard*, 28 May 2009, p. 15.

55 *Proof Estimates Hansard*, 28 May 2009, p. 15.

56 *Proof Estimates Hansard*, 28 May 2009, pp 26–28.

consultation process.⁵⁷ Officers advised that the draft master plan would be submitted to the minister in August 2009.⁵⁸

3.33 The committee also discussed:

- the Sydney Airport master plan (*Proof Estimates Hansard*, 28 May 2009, p. 29); and
- aircraft noise (pp 29–32).

Airservices Australia

3.34 The committee sought an update on reforms to air traffic control services and staffing.⁵⁹ Committee members were interested in the details of new arrangements with regards to sick leave for air traffic controllers.⁶⁰ Officers advised the committee that a new collective agreement had commenced operation which contained 'a wage increase of 4.3 per cent per annum in return for productivity improvements relating to both sick leave and rostering'.⁶¹ Committee members sought more details on the new sick leave arrangements.⁶² Officers told the committee:

In regard to sick leave, constraints have been put in in the area of single-day absences. Previously there were unlimited single-day absences without a certificate. At the moment in the 12-month period there is up to eight single days without a certificate. For any absences of more than 15 days in a 12-month period there is a management review that is undertaken, and various options apply in that management review.⁶³

3.35 The committee also questioned officers on the workforce issues relating to air traffic controllers.⁶⁴ Committee members were interested in the number of air traffic controllers who had had resigned and moved overseas. Officers told the committee that in the current year 50 air traffic controllers had left Airservices Australia of which 32 had resigned.⁶⁵ The committee heard that that it was not possible to establish how many of those resigning had moved overseas.⁶⁶ With regard to the recruitment of new

57 *Proof Estimates Hansard*, 28 May 2009, p. 26.

58 *Proof Estimates Hansard*, 28 May 2009, p. 26.

59 *Proof Estimates Hansard*, 28 May 2009, pp 43–46 and 50–55.

60 *Proof Estimates Hansard*, 28 May 2009, pp 43–46 and 50–55.

61 *Proof Estimates Hansard*, 28 May 2009, p. 43.

62 *Proof Estimates Hansard*, 28 May 2009, pp 43–46 and 50–55.

63 *Proof Estimates Hansard*, 28 May 2009, p. 43.

64 *Proof Estimates Hansard*, 28 May 2009, pp 43–46.

65 *Proof Estimates Hansard*, 28 May 2009, p. 45.

66 *Proof Estimates Hansard*, 28 May 2009, p. 45.

air traffic control officers, officers told the committee that this year 93 air traffic controller applicants will commence at Airservices Australia's training college.⁶⁷

3.36 Officers told the committee that across almost all of its operating groups Airservices Australia had an ageing workforce and that many air traffic controllers have retired.⁶⁸ Officers expanded, saying:

The average age of our air traffic controller workforce is between 42 and 43 and without some action similar to what we have taken there could be a problem going forward...so this area of training and recruitment is a very high priority for the organisation.⁶⁹

3.37 The committee also raised the following issues:

- Airspace management arrangements in northern Australia (*Proof Estimates Hansard*, 28 May 2009, pp 46–48); and
- Airservices Australia training establishments (pp 49–50).

Civil Aviation Safety Authority (CASA)

3.38 The committee maintained its long and active interest in the operation of CASA. The committee welcomed the new Chief Executive Officer, Mr John McCormick, and congratulated him on his appointment.⁷⁰

3.39 Committee members questioned officers about what steps CASA was undertaking to address findings made in the International Civil Aviation Organization audit of Australian air safety oversight.⁷¹ CASA advised the committee that the report had identified that CASA did not have a 'comprehensive formal training program' that included 'initial on-the-job, recurrent and specialised training'.⁷² CASA advised the committee that in response it will 'develop a comprehensive initial on-the-job, recurrent and specialised training program' for its technical staff.⁷³ Officers told the committee that this was expected to be implemented by 31 December 2009.

3.40 The committee sought details on the new structure of CASA and what advantages this had over the previous structure. Officers told the committee that the new structure would 'give us more direct responsibility and accountability for where a certain standard is in place'. For example:

67 *Proof Estimates Hansard*, 28 May 2009, p. 45.

68 *Proof Estimates Hansard*, 28 May 2009, p. 45.

69 *Proof Estimates Hansard*, 28 May 2009, p. 45.

70 *Proof Estimates Hansard*, 28 May 2009, p. 62.

71 *Proof Estimates Hansard*, 28 May 2009, pp 65–66.

72 *Proof Estimates Hansard*, 28 May 2009, pp 65–66.

73 *Proof Estimates Hansard*, 28 May 2009, p. 65.

There has been inconsistent application of regulation in the industry at large. We will try and get rid of this history of inconsistency, by centralising those functions, putting them under the responsibility of one person and then having someone specific in charge of, for instance, the maintenance regulations, the flying regulations, the small aeroplane regulations.⁷⁴

3.41 The committee also asked about:

- National Airspace Policy Statement (*Proof Estimates Hansard*, 28 May 2009, pp 68–81);
- airspace management in northern Australia (pp 66–68); and
- drug and alcohol testing (pp 85–90).

Australian Transport Safety Bureau (ATSB)

3.42 The committee sought information on the number of inquiries currently before the ATSB.⁷⁵ Officers told the committee that they currently had 94 aviation, 12 rail, and 14 marine investigations underway.

3.43 The committee heard that of the 94 aviation investigations underway, 35 were considered to be complex or very complex.⁷⁶ Furthermore, officers told the committee that three of the aviation inquiries 'are very significant investigations requiring significant resources'.⁷⁷

3.44 The committee also heard evidence about:

- The transition of the ATSB to a separate statutory authority (*Proof Estimates Hansard*, 28 May 2009, p. 90); and
- Investigations into the *Pacific Adventurer* maritime accident (pp 91–94).

Local Government and Regional Development

3.45 The committee sought information on the status of the Better Regions program.⁷⁸ Officers told the committee that 20 funding contracts had been entered into while there were 48 projects that had been approved for the release of funds but for which funding contracts were yet to be entered into.⁷⁹ Committee members sought

74 *Proof Estimates Hansard*, 28 May 2009, p. 66

75 *Proof Estimates Hansard*, 28 May 2009, p. 90.

76 *Proof Estimates Hansard*, 28 May 2009, p. 90.

77 *Proof Estimates Hansard*, 28 May 2009, p. 90.

78 *Proof Estimates Hansard*, 28 May 2009, pp 97–100.

79 *Proof Estimates Hansard*, 28 May 2009, p. 98.

more detail on the individual projects which the department agreed to provide on notice.⁸⁰

Office of Northern Australia

3.46 The committee was interested in the budget for the Office of Northern Australia. Officers told the committee that the total budget for 2008-09 is \$3.54 million.⁸¹ Of this, \$2 million was allocated for the Canberra office, \$0.69 million for the Northern Australia Land and Water Taskforce, and \$0.85 million for the Townsville and Darwin offices.⁸² The committee heard that there were no anticipated changes to staffing levels.⁸³

3.47 The committee sought an update on the work of the Northern Australian Land and Water Taskforce (the taskforce).⁸⁴ The committee heard that the taskforce had met three times and had agreed on a work plan.⁸⁵ Officers also told the committee that the taskforce was planning to conduct consultation and forums with Indigenous, industry, agriculture, conservation and education groups.⁸⁶

Senator Glenn Sterle Chair

80 *Proof Estimates Hansard*, 28 May 2009, p. 98.

81 *Proof Estimates Hansard*, 28 May 2009, pp 136–137.

82 *Proof Estimates Hansard*, 28 May 2009, pp 136–137.

83 *Proof Estimates Hansard*, 28 May 2009, p. 136.

84 *Proof Estimates Hansard*, 28 May 2009, pp 138–140.

85 *Proof Estimates Hansard*, 28 May 2009, p. 138.

86 *Proof Estimates Hansard*, 28 May 2009, p. 138.