

## Chapter 3

### Infrastructure, Transport, Regional Development and Local Government portfolio

#### Department of Infrastructure, Transport, Regional Development and Local Government

3.1 This chapter contains the key issues discussed during the 2009-2010 additional estimates hearings for the Infrastructure, Transport, Regional Development and Local Government portfolio. A complete list of all the topics discussed, and relevant proof Hansard page numbers, can be found at Appendix 4.

3.2 The committee heard evidence from the department on Tuesday 9 February 2010. 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
- Australian Maritime Safety Authority
- Local Government and Regional Development
- Office of Northern Australia
- Office of Transport Security
- Aviation and Airports
- Airservices Australia
- Civil Aviation Safety Authority
- Australian Transport Safety Bureau

#### Corporate Services

3.3 The committee began by expressing its dissatisfaction with the delay in provision of answers to questions taken on notice during the Supplementary Budget Estimates in October 2009. The Department of Infrastructure, Transport, Regional Development and Local Government (the department) was questioned as to the processes involved in providing the answers. The committee also raised its continuing concern with the appropriateness of answers consisting of links to websites.<sup>1</sup>

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1 *Committee Hansard*, 9 February 2010, pp 8–13.

## Infrastructure Australia

3.4 The committee sought to clarify the analysis used to determine the selection of office space for the Major Cities Unit building. The secretary, Mr Mike Mrdak, explained:

[M]y understanding is the department did do a benchmarking exercise. It engaged external advice, did benchmarking against equivalent rentals in that location and established the benchmark rate for the building. My understanding at the time was the building represented good value for money based on rental, but also because it contained fit-out from the previous tenants which enabled us to, effectively, move straight in without any fit-out costs required.<sup>2</sup>

3.5 The port of Townsville eastern access rail corridor project was examined and the committee discussed community concern for the positioning of the proposed major road. Officers explained the shared responsibilities of Commonwealth and state for this project by giving examples of previous projects where the Commonwealth has raised issues but noted it is the state's responsibility to undertake those processes.<sup>3</sup>

3.6 Infrastructure Australia explained its process for selection and prioritisation of projects. The committee questioned why some proposals are approved and others are not, in particular, the Outback Highway Development Council's proposal.<sup>4</sup> Officers explained:

In our reports of both December 2008 and May 2009, we outlined the process that we have undertaken to consider the various proposals. Clearly, when you are seeking to prioritise, some receive a higher acknowledgement than others. The level of development of particular projects was an issue for us as was the extent to which economic analysis had been undertaken and a host of issues associated with the proposed application of taxpayers' funds.<sup>5</sup>

3.7 The committee further queried why certain projects, which appear to meet the selection criteria, were not included. Officers explained that in assessing these proposals they look for the best return for the taxpayer, in terms of national productivity and as there are a series of projects, it is inevitable that not all will be successful. However it was also explained that the department does seek further information from proponents and that these circumstances may change, making it a possibility to review those matters.<sup>6</sup>

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2 *Committee Hansard*, 9 February 2010, p. 18.

3 *Committee Hansard*, 9 February 2010, p. 27.

4 *Committee Hansard*, 9 February 2010, p. 27.

5 *Committee Hansard*, 9 February 2010, p. 28.

6 *Committee Hansard*, 9 February 2010, p. 28.

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## Australian Rail Track Corporation Ltd (ARTC)

3.8 The committee asked for an update on the upgrade of freight lines between Melbourne and the South Australian border. The committee noted that this upgrade included replacing timber sleepers with concrete sleepers from the Dynon Port framework in the centre of Melbourne through to the South Australian border. The committee heard that this upgrade would have a significant impact on productivity for rail operators minimising the impact of high temperatures on train speeds, enabling an increase of axle loads, reducing ongoing maintenance costs and providing a smoother ride for fragile loads.<sup>7</sup>

3.9 The committee was informed of several other upgrades taking place across the country and expressed its appreciation of the impressive nature of these upgrades.

## Nation Building—Infrastructure Investment

3.10 The department was queried about the shared responsibilities of Commonwealth and state in road upgrades in several areas. The committee sought an explanation of how funding is allocated and priority areas are identified for these upgrades. For the Pacific Motorway election commitment, the shared state and Commonwealth funding was explained:

The money was allocated originally through an election commitment and then there were also negotiations with the Queensland government in respect of their commitment. So the overall amount of work that is occurring on the Pacific Motorway is an around \$910 million package, of which the Australian government is putting in \$455 million. In respect to that particular section, that would be part of that overall commitment.<sup>8</sup>

3.11 The committee enquired as to the processes involved in declaring a highway a road of national importance. Officers explained submissions are considered against the *Nation Building Program (National Land Transport) Act 2009* in terms of whether a section of road is part of the national network. Officers explained that there is no formal submission process:

Sometimes it comes through from the state government, who have then been alerted from various people. Sometimes it comes through from communities. Basically, anyone can make a submission. There is not a formal process. As Ms O'Connell said, there is the act and people just need to provide us the relevant information and we will have a look at that, but it is up to the government to make that final decision.<sup>9</sup>

3.12 The department explained how election commitments are listed on their website after an answer to a previous question on notice led to some confusion. The

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7 *Committee Hansard*, 9 February 2010, p. 32.

8 *Committee Hansard*, 9 February 2010, p. 39.

9 *Committee Hansard*, 9 February 2010, p. 45.

minister clarified that all projects marked 'New Nation Building Program' are election commitments.<sup>10</sup> This was further explained by officers:

Since the election of the government, there have been a number of projects added to the Nation Building Program...They are detailed as well on the website, and they are the 15 budget major projects that were announced in last year's budget.<sup>11</sup>

3.13 The committee discussed the likelihood of additional funding needed for the duplication of the Pacific Highway. Officers explained that the project has been funded until 2013, however the project is scheduled to finish in 2016, meaning the remaining three years of funding are yet to be estimated.<sup>12</sup>

### **Infrastructure and Surface Transport Policy**

3.14 Officers informed the committee that the heavy vehicle driver fatigue reforms have now been passed in Victoria, New South Wales and Queensland.<sup>13</sup> The complexities involved in logbook requirements differing between each state and territory was noted by the committee as a possible point of confusion for interstate and inter-territory truck drivers.<sup>14</sup>

3.15 The committee questioned officers on the likelihood of a national reform agreement, including when a national heavy vehicle regulator could be in place. Officers explained that:

...[t]he significant step is that this is a single national regulator now achieving whole-of-nation regulations. It is not simply harmonising but actually laying down national regulation for the first time...There has been a lot of work done by the National Transport Commission and its predecessor, the National Road Transport Commission, over many years to try to get some standardisation on these regulatory approaches...The reality is that in 2010 a higher mass vehicle cannot cross from Victoria to New South Wales on the Hume Highway, and that remains a major issue for this nation. Moving to a single national regulator, although it will involve a difficult process to get that in place, is a significant step forward.<sup>15</sup>

3.16 The Tasmanian Freight Equalisation Scheme was raised by the committee in the context of a 2006 Productivity Commission report which raises concerns regarding

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10 *Committee Hansard*, 9 February 2010, p. 49.

11 *Committee Hansard*, 9 February 2010, p. 50.

12 *Committee Hansard*, 9 February 2010, p. 60.

13 *Committee Hansard*, 9 February 2010, p. 63.

14 *Committee Hansard*, 9 February 2010, p. 64.

15 *Committee Hansard*, 9 February 2010, p. 65.

the lack of transparency involved in assistance under the scheme.<sup>16</sup> Officers described the type of information they would need to improve the transparency:

...[w]e would need evidence—not every time—that the original producer or the recipient of the inputs to further manufacture had agreed that such and such a firm or intermediary could act as their agent. Centrelink would need evidence of that. Clearly there would need to be clarity about the shipper or recipient, the charge and the nature of goods...the scheme is really quite complex in its eligibility and the way in which the calculation of the level of assistance is done.<sup>17</sup>

3.17 The committee noted that if claims were able to be lodged entirely electronically, these claims may be processed faster.<sup>18</sup>

### **Australian Maritime Safety Authority (AMSA)**

3.18 The department was questioned about the clean up of the *Pacific Adventurer* oil spill that occurred in early 2009. The committee was informed that since the event, officers have raised concerns with the International Maritime Organisation. Officers stated a concern that for shipowners' liability, 'the extent of the limitation is, in fact, too limited'.<sup>19</sup>

3.19 Officers advised that compensation for this event has been provided but that the company responsible also provided a donation to help improve the marine protection. However, this donation is being included as part of its overall contribution. Due to a shortfall in compensation paid to damages done, it is expected the sea levy will rise until this shortfall is met.<sup>20</sup>

### **Local Government and Regional Development**

3.20 The committee sought clarification of activities undertaken by Regional Development Australia (RDA). By way of example, officers stated:

For example, RDA Illawarra hosted a state of the region conference in November last year to identify critical projects and strategies for 2010. The RDA in Northern Rivers is hosting 70 Innovative Development of Excellent Aged Services workshops to upskill the work force. The RDA Central West is partnering with Forests NSW and local councils to hold a timber forum in 2010.<sup>21</sup>

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16 *Committee Hansard*, 9 February 2010, p. 69.

17 *Committee Hansard*, 9 February 2010, p. 70.

18 *Committee Hansard*, 9 February 2010, p. 71.

19 *Committee Hansard*, 9 February 2010, p. 73.

20 *Committee Hansard*, 9 February 2010, pp 74–75.

21 *Committee Hansard*, 9 February 2010, p. 83.

3.21 The committee sought to clarify how the RDA determines value for money. Officers stated these are non-government, independent committees that are often community-based. Committees are all asked to do a business plan, which is provided to the department and to the state, where the state is involved, for approval.<sup>22</sup>

3.22 The committee sought the status of the current Better Regions projects being funded.<sup>23</sup>

### **Office of Northern Australia**

3.23 The committee queried the department about the Northern Australia Land and Water Taskforce report, including authorisation of the early release of the report to the *Australian* newspaper. Mr Mrdak advised that the department did not authorise the release of the report to the newspaper.<sup>24</sup>

3.24 The committee sought clarification of some of the content and findings of the report, however, officers advised that as the taskforce was not present they were unable to comment.

The department provided secretariat services for the task force. The report is very much the work of the task force. You have asked opinions of my officers in relation to matters which are contained in the task force. I do not believe we can comment because they are decisions, judgments and views of the task force members.<sup>25</sup>

3.25 Officers informed the committee that as the taskforce has delivered the report they were asked to do, with the exception of follow-up discussions and government responses, it is possible the taskforce may now be disbanded.<sup>26</sup>

### **Office of Transport Security**

3.26 The introduction of full body scanners at airports was discussed at great length. Privacy issues were a particularly important issue. The department explained a range of processes involved, including working closely with the Privacy Commissioner and coming up with a set of procedures that address the range of concerns expressed by the committee. The department strongly emphasised that:

...[t]he government has a strong position to ensure that the technology selected does not provide any issues in relation to personal privacy protection. The government is very firm on that.<sup>27</sup>

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22 *Committee Hansard*, 9 February 2010, pp 83–84.

23 *Committee Hansard*, 9 February 2010, p. 79.

24 *Committee Hansard*, 9 February 2010, p. 90.

25 *Committee Hansard*, 9 February 2010, p. 92.

26 *Committee Hansard*, 9 February 2010, p. 105.

27 *Committee Hansard*, 9 February 2010, p. 127.

3.27 Officers also explained that while the cost of training and the number of staff necessary to operate these scanners have not yet been finalised, neither of these will be paid for by the Australian government but will be borne by industry instead.<sup>28</sup>

3.28 Officers were questioned on the processes involved in inspecting ports and how they determine which ones are to be inspected. Officers confirmed inspections are based on risk assessments which consider:

...[t]he nature of the vessels that use the port, the amount of cargo that goes through the port, the nature of the cargo, whether that port is within a capital city precinct or whether it is a regional port.<sup>29</sup>

3.29 The committee asked whether the department had publicly released a GHD report into Australia's maritime security industry card scheme. The department informed the committee that:

The department commissioned work, as we do regularly, to review aspects of our security regime. This is one element of that. The department normally uses these reports to then undertake consultation with industry where there are measures being proposed or considered for enhancements to the regime...[w]e were undertaking a consultation regime, as Mr Retter has indicated, in relation to the maritime regime. At the same time there was an FOI application which sought that material and that material was handled in the normal process as an FOI. We would be happy to make available to you a copy of that work.<sup>30</sup>

3.30 The committee sought details of industry consultation in relation to the report.<sup>31</sup>

3.31 The committee noted that the 2005 Wheeler review contained 9 out of 17 recommendations relating to the Office of Transport Security. Officers informed the committee that all the recommendations they are responsible for have been addressed however expressed caution that this is a changing environment.

My view is that the Wheeler report was a valuable input at its time. As I have said, most of those issues were addressed. Policy moves on as the environment changes. We have subsequently had, in the case of the aviation environment, a government white paper which lays out a range of recommendations that pertain to a number of the issues that were touched on by the Wheeler review.<sup>32</sup>

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28 *Committee Hansard*, 9 February 2010, p. 126.

29 *Committee Hansard*, 9 February 2010, p. 117.

30 *Committee Hansard*, 9 February 2010, p. 118.

31 *Committee Hansard*, 9 February 2010, p. 119.

32 *Committee Hansard*, 9 February 2010, p. 120.

## **Aviation and Airports**

3.32 The committee held a brief discussion with Aviation and Airports about the government commitment to a formal review of the need for a curfew at Brisbane Airport. Officers informed the committee that there has been no structure set up for the review at this stage and that the intention of the review would be to canvass all arrangements for the management of aircraft noise at Brisbane Airport.<sup>33</sup>

## **Airservices Australia**

3.33 The committee sought clarification of Airservices Australia's process for establishing what is or is not an acceptable amount of aircraft activity over inhabited areas. It was explained that an acceptable amount is in order of 60 decibels, but that in terms of departures and arrivals the decibel reading can be higher than that however this is usually closer to the airport where there is vacant land rather than residential areas.<sup>34</sup>

## **Civil Aviation Safety Authority (CASA)**

3.34 The committee discussed the issue of unlawful landings; in particular, the landings of Trans Air and what steps could be taken to prevent further unlawful landings. Officers explained that non-scheduled flights operated by a foreign air carrier can request a medivac flight, in which they seek a one-off permission to fly to Australia, which goes through CASA for approval. The request must be deemed a life and death situation and not a medivac or non-ambulatory case. The Trans Air landings were originally proposed as medivac flights. This particular request to land is meant to be used as an ad hoc occasional device, not a surrogate for the air operator certificate which is the normal requirement to land. Officers explained that while they could appreciate the committee's view on why they would have what appear to be unenforceable rules, they must still abide by the law and are not responsible for border security or for logging aircraft in and out.<sup>35</sup>

So we are in a situation where our rules say what they say—that it is illegal to operate into Australia without a foreign air operator's certificate—and we try to enforce those as best we can. We do it from discovery, from seeing the flights ourselves, from being told of the flights or from knowing of the flights, but we have no mandate or power to go and stand on airfields everywhere and watch people arrive and then go and ask them what their situation is.<sup>36</sup>

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33 *Committee Hansard*, 9 February 2010, pp 131–132.

34 *Committee Hansard*, 9 February 2010, p. 134.

35 *Committee Hansard*, 9 February 2010, p. 138.

36 *Committee Hansard*, 9 February 2010, p. 138.



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3.35 The committee sought clarification on action taken in the absence of jurisdiction for airlines in other countries. Officers explained there is no set of defined rules to follow; it invariably comes down to judgement.<sup>37</sup>

### **Australian Transport Safety Bureau (ATSB)**

3.36 The Australian Transport Safety Bureau gave the committee a detailed explanation into the requirements of reporting air traffic incidents and circumstances in which formal investigations are undertaken. Officers noted that they receive around 14,000 notifications a year, which translates to 8,000 occurrences. There are then significant judgements made as to what will be taken on in terms of conducting a full investigation.

3.37 The committee noted that of the 8,000 occurrences, only 80 are investigated on a yearly average. The department reassured the committee about this figure by further adding:

We are conscious that, whatever the number is, it is always going to have some level of discomfort that we may miss something. What we have added as an additional string to our bow is a new level of investigation, which is to take an occurrence that would not merit sending out a team to look at all the details and go to the thoroughgoing one but to actually work with the reporting organisation to find more details and do a very short one-page report that means that over time we are getting visibility of more of them. So, in terms of where you perhaps feel a little uneasy, that is our response to that.<sup>38</sup>

3.38 Officers also explained that there are systems in place to review procedures where necessary and there is the capacity for confidential reporting if staff feel something may have been overlooked or not reported.<sup>39</sup>

**Senator Glenn Sterle**  
**Chair**

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37 *Committee Hansard*, 9 February 2010, p. 143.

38 *Committee Hansard*, 9 February 2010, p. 145.

39 *Committee Hansard*, 9 February 2010, p. 145.

