

# Chapter 3

## Infrastructure and Transport portfolio

### Department of Infrastructure and Transport

3.1 This chapter contains the key issues discussed during the 2011-12 additional estimates hearings for the Infrastructure and Transport portfolio. A complete list of all the topics discussed, and relevant page numbers, can be found at Appendix 4.

3.2 The committee heard evidence from the department on Tuesday 14 February 2012. The hearing was conducted in the following order:

- Corporate Services
- Australian Rail Track Corporation
- Infrastructure Australia
- Nation Building—Infrastructure Investment
- Surface Transport Policy
- Australian Maritime Safety Authority
- Policy and Research (incorporating the Bureau of Infrastructure, Transport and Regional Economics)
- Major Cities Unit
- 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 discussing the department's airfare and accommodation policies for staff travelling with the minister or parliamentary secretary. The Secretary, Mr Mike Mrdak, informed the committee that Infrastructure's policies are as per the normal guidelines for departmental staff for airfares, and that accommodation arrangements are left to the discretion of the officers, as long as it is within the budget for that area of the department.<sup>1</sup>

3.4 The committee sought further information on the difference in travel allowance systems for the Secretary compared to the rest of the department. Mr Mrdak

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1 *Proof Estimates Hansard*, 14 February 2012, p. 4.

explained that secretaries are on a different arrangement to the rest of departmental staff, where the Secretary is reimbursed based on a daily rate set by the remuneration tribunal, and other departmental staff use a corporate travel card.<sup>2</sup>

3.5 The committee discussed Infrastructure's efficiency dividend, and the increase from 1.5 to 4 per cent for the 2012-13 financial year. Mr Mrdak told the committee that it will be met by focusing on areas such as travel, supplier expenditure, IT, and other running costs of the department. Mr Mrdak also told the committee that it is anticipated that the current level of staffing will be maintained, and that some vacancies that are currently available will not be filled.<sup>3</sup>

### **Australian Rail Track Corporation (ARTC)**

3.6 The committee sought further information on the Government's commitment of \$300 million to an inland rail network. Mr Mrdak informed the committee that \$15 million was provided to the ARTC to undertake a detailed study that looked at alignment and other issues, which has now been completed and publicly released. This initial study formed the basis of the \$300 million from the Commonwealth, of which \$30 million has been allocated in the 2015-16 forward estimates, with the remaining \$270 million allocated for 2016-17 and 2017-18, which will go towards the exact details of the corridor route, the engineering design, some initial land acquisitions as well as completion of the planning and environmental assessments.<sup>4</sup>

3.7 The ARTC told the committee that the \$270 million is the commitment for the second stage, and that further commitments of funding would be needed to complete the inland rail.<sup>5</sup>

3.8 The committee discussed speed restrictions on the Melbourne to Sydney rail, and the issues that causes. The ARTC explained that on that particular rail, the problems primarily relate to track-geometry issues as a result of poor ballast conditions and loss of alignment of the rail tracks. The ARTC informed the committee that it recently announced a \$134 million upgrade to improve the ballast and the drainage.<sup>6</sup>

### **Infrastructure Australia**

3.9 The committee sought an update on the National Ports Strategy. Mr Michael Deegan, Infrastructure Coordinator, informed the committee that the National Ports Strategy has been endorsed by all state and territory transport ministers and will now

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2 *Proof Estimates Hansard*, 14 February 2012, p. 6.

3 *Proof Estimates Hansard*, 14 February 2012, p. 12.

4 *Proof Estimates Hansard*, 14 February 2012, pp 6–7.

5 *Proof Estimates Hansard*, 14 February 2012, p. 7.

6 *Proof Estimates Hansard*, 14 February 2012, p. 9.

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go to Council of Australian Governments (COAG). If passed by COAG, it will build a collaborative relationship between the Commonwealth and the states, as the states are the owners of the ports.<sup>7</sup> The final document for the strategy has been released and is published on Infrastructure Australia's website. It includes a long-term recommendation that ports undertake a 50 year view of the growth of the port and the supply chain, and also the range of key performance indicators, so that the transparency of each port's performance is ensured.<sup>8</sup>

### **Nation Building—Infrastructure Investment**

3.10 The committee sought further information on the maintenance of the New England Highway. Mr Mrdak told the committee that maintenance is the responsibility of the asset owner, which in this case is the New South Wales roads and maritime portfolio. The Government's contribution for New South Wales for the 2011-12 financial year is \$114 million. The committee heard that maintenance cost varies as a result of, among other things, vehicle kilometres travelled and lanes travelled.<sup>9</sup>

3.11 The committee sought an update on the Pacific Highway duplication and the funding arrangements in place. Officers informed the committee that to date, 346 kilometres (52 per cent) has been duplicated, with a further 69 kilometres (9 per cent) currently under construction, and a further 2 per cent about to commence construction.<sup>10</sup>

3.12 The committee discussed the Roads to Recovery Program, and the processes involved in funding allocations for councils. Officers explained that the allocations are based on two things: the total funding is divided between jurisdictions; then councils' life of the program allocations are determined on the basis of the recommendations of the Local Governments Grants Commissions. Officers further explained:

This methodology has been used for the previous Roads to Recovery programs. The amount spent at the moment depends on the submissions from each council. The councils know what they are going to receive. They then get paid on the basis of the work that they do and they tell us what projects they intend to fund within the rules and guidelines set out for the program.<sup>11</sup>

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7 *Proof Estimates Hansard*, 14 February 2012, p. 17.

8 *Proof Estimates Hansard*, 14 February 2012, p. 13.

9 *Proof Estimates Hansard*, 14 February 2012, pp 24–25.

10 *Proof Estimates Hansard*, 14 February 2012, p. 25.

11 *Proof Estimates Hansard*, 14 February 2012, p. 28.

3.13 The committee asked officers to detail the progress of a number of road, rail and port projects, and the distribution of funding between the commonwealth and states and territories.<sup>12</sup>

### **Surface Transport Policy**

3.14 The committee sought further information on Infrastructure's exposure draft of the Coastal Trading (Consequential Amendments and Transitional Provisions) Bill 2012. Officers told the committee that Infrastructure had received 22 submissions that vary from arguing that the legislation is not prescriptive enough and does not provide sufficient benefit to the Australian domestic industry, to arguing that it is too prescriptive and provides a situation which closes the coast.<sup>13</sup>

3.15 Officers also told the committee that Infrastructure is working with the Department of the Treasury to finalise draft bills to form an overall package. These bills include the International Shipping Register Bill, the Shipping Reform (Tax Incentives) Bill and the Tax Laws Amendment (Shipping Reform) Bill.<sup>14</sup>

3.16 The committee sought an update on the mandatory vehicle fuel efficiency standards and the process of setting light vehicle CO<sub>2</sub> standards. Officers told the committee that a discussion paper was released in September 2011, which received 38 submissions. Infrastructure has also commissioned a consultant to provide technical advice on the issues involved with standards, and how the Australian industry compares to other industries, in particular the European Union and the United States, as they have both introduced mandatory standards systems. Infrastructure expects that the technical consultancy work will be completed in May 2012.<sup>15</sup>

3.17 Officers informed the committee that setting an appropriate system of standards and an appropriate target, relevant to the Australian industry, will be a key issue in the determination process.<sup>16</sup>

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

3.18 The committee discussed AMSA's work on Marine Order Part 3, which determines the qualifications required of seafarers and how the change in qualifications compares to international standards. Officers told the committee that it is generally consistent with international standards, and in some cases, the Australian standards are higher.

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12 *Proof Estimates Hansard*, 14 February 2012, pp 22–24, 27–29, 31–33, 35 and 36.

13 *Proof Estimates Hansard*, 14 February 2012, p. 38.

14 *Proof Estimates Hansard*, 14 February 2012, p. 38.

15 *Proof Estimates Hansard*, 14 February 2012, p. 41.

16 *Proof Estimates Hansard*, 14 February 2012, p. 41.

3.19 Officers further explained that AMSA is taking the opportunity to ensure the standards are contemporary, and that they meet the needs of the industry. Mr Graham Peachey, Chief Executive Officer, told the committee that the new standards also remove some anomalies:

I will give you an example: we go to the engineers. A lower level engineer to be qualified has to pass the academic requirements to become a watchkeeper, he or she has to pass half the requirements to become the next level up, plus half the requirements to become the next level up, just to become a watchkeeper. An analogy could be, if you wanted to become a doctor you would be required to pass the doctor's exam, half the surgeon's exam and half the special exam to be a GP operating in a suburb. That does not ring true to meet the requirements of the industry, so we are looking at those sorts of anomalies to try and sort them out.<sup>17</sup>

3.20 The committee also discussed AMSA's role in shipwrecks in Australian waters, and its legislative responsibilities under the *Navigation Act 1912*.

### **Office of Transport Security**

3.21 The committee sought an update on the result of trials of body scanners in Sydney and Melbourne airports. Officers told the committee that over 20 000 scans of volunteer passengers were conducted. The trials allowed officers to look at things such as facilitation, communication with passengers, education of passengers, and to see what impacts would occur in terms of the timing for passengers, as well as improved security outcomes.<sup>18</sup>

3.22 The committee heard that as the body scanners look for non-metallic, as well as metallic objects, the results were a five- to six-fold increase in the chances of detection, compared to the current metal detectors in place. A range of resolution techniques have been applied to ensure that the increase in chances of detection does not result in an unduly delayed process.<sup>19</sup>

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

3.23 The committee discussed a known risk of cracked wings in A380 airliners. CASA informed the committee that the European Aviation Safety Agency (EASA) advised CASA on 6 January 2012 of one particular type of crack, and that EASA has described two types of cracking in total. CASA has requested additional information from EASA in relation to these cracks.

3.24 The committee also discussed the following matters with CASA:

- aircraft policy for ageing aircrafts;

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17 *Proof Estimates Hansard*, 14 February 2012, p. 42.

18 *Proof Estimates Hansard*, 14 February 2012, p. 61.

19 *Proof Estimates Hansard*, 14 February 2012, p. 61.

- legal costs, tribunal and Federal Court proceedings;
- chairman's lounge membership of CASA personnel;
- fatigue management systems; and
- CASA's contributions to the National Airports Safeguarding Advisory Group.

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

3.25 The committee discussed the ATSB's *Starved and Exhausted* report, in relation to the levels of fuel that operators carry on their aircraft. The ATSB informed the committee that the report, and publicity around the report, was designed to increase awareness that fuel management continues to cause accidents. Officers told the committee that the ATSB is in regular discussions with CASA about how to best use their education channels to get safety messages through.<sup>20</sup>

3.26 The committee sought further information on the ATSB's investigations into loss of 'breakdown' and 'assurance'. The ATSB informed the committee that 'breakdown of separation' is where aircraft fly so close to each other that the defined standards are broken, and that 'separation assurance' is the process to try and keep the aircraft away from that situation. Officers informed the committee that at this stage, it is unclear if there is a pattern in the relation to breakdowns of separation and loss of separation assurance, but that the ATSB is conducting a number of investigations to establish whether or not this is a systemic issue.<sup>21</sup>

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20 *Proof Estimates Hansard*, 14 February 2012, pp 76–77.

21 *Proof Estimates Hansard*, 14 February 2012, p. 78.