

Chapter 3

Infrastructure, Transport, Regional Development and Local Government Portfolio

3.1 This chapter contains the key issues discussed during the 2008-2009 budget estimates hearings for the Infrastructure, Transport, Regional Development and Local Government portfolio. A complete list of all topics discussed, and the relevant page numbers, can be found at appendix 5.

Department of Infrastructure, Transport, Regional Development and Local Government

3.2 The committee heard evidence from the department on Wednesday 28 May 2008 and Thursday 29 May 2008. The hearings were conducted in the following order:

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

Secretary's overview

3.3 Proceedings commenced with a detailed opening statement from the Acting Secretary of the department, Ms Susan Page. She conveyed the apologies of the Secretary, Mr Michael Taylor, who was representing the minister at the inaugural meeting of the International Transport Forum in Leipzig, Germany. Ms Page also outlined a series of changes which had taken place in the department.

3.4 The committee heard that the department has a new outcome and output structure, which reflects its expanded role in infrastructure. These changes have been outlined in appendix 6.

3.5 In addition, the department has undergone various structural changes, which have been outlined in appendix 7.

Corporate Services

3.6 The committee raised its dissatisfaction with the standard of responses to questions taken on notice at the 2007-08 additional estimates hearings, and emphasised that referring senators to a website hyperlink is not an appropriate way of responding to questions on notice. The committee raised this issue on a number of occasions throughout the hearings.¹

3.7 The committee sought information on the department's implementation of the efficiency dividend. The department reiterated that it does not anticipate that the application of the efficiency dividend will impact on staff numbers. Officers explained that in an effort to reduce overall costs the department has been reviewing supplier expenses, such as departmental travel and related travel expenses, as well as consultancies and contracted work, and considering whether some of the latter services can be performed in-house at a lower cost.²

3.8 The committee also asked whether the department encourages staff to use frequent flyer points incurred through work-related travel, for official travel. The department assured the committee that officers can only use such frequent flyer points for official travel, however, the department does not monitor the use of frequent flyer points.³

3.9 The committee asked officers of the department whether grants issued by the minister to date had received departmental approval. The department clarified that

[w]here the minister is the approver under the FMA Act, the department does not approve. The department's role is to provide advice to the minister, and the minister is responsible for approving the project...the minister, under the FMA Act, is required under reg 9 to ensure that any grant represents an efficient and effective use of funds, and is consistent with Commonwealth policies, and on that basis is obliged to take into account the advice of the department.⁴

1 *Estimates Hansard*, 28 May 2008, pp 8-9.

2 *Estimates Hansard*, 28 May 2008, pp 4 and 11.

3 *Estimates Hansard*, 28 May 2008, p. 14.

4 *Estimates Hansard*, 28 May 2008, p. 16.

Inspector of Transport Security

3.10 The Inspector of Transport Security informed the committee of the status of the current inquiry into intrastate passenger ferries in Australia. The Inspector explained to the committee that the inquiry was looking at large, intrastate, privately operated passenger ferries, and some smaller cruise ships. The committee was advised that the report is expected to be completed and submitted to the minister in July.⁵

Office of Transport Security

3.11 The committee held a lengthy discussion with officers regarding the reduction of forward funding for the regional maritime security capacity building program to assist Indonesia.⁶ The department explained to the committee that

...the Howard government had allocated \$7.8 million for that particular function. Subsequently, that money was not made available. It did not affect any capacity building projects per se that were ongoing because no money had been committed, no contracts had been signed and no commitments had been made to the Indonesian government.⁷

3.12 The committee questioned whether the reduction in funding was wise, given that the United States Coast Guard had made an announcement advising of concerns regarding the security standards of a number of Indonesian ports, and had consequently given Indonesia 90 days in which to comply with certain security issues. Officers advised that

Australia's national interest is in ensuring that ships coming to Australia or transiting through Indonesia en route to or from Australia have adequate security. There are a range of measures that we take today for all ships entering Australia. Nothing in the US advice at the time changes our approach. We are comfortable that those ships, subject to transit through Indonesia, are adequately secure and are subject to risk assessments prior to arrival in Australia.⁸

3.13 The committee also asked about the closed-circuit television (CCTV) trials that were conducted at regional airports. Officers informed the committee that as a result of the recommendations of Sir John Wheeler's review, whole-of-government leadership of CCTV developments has been passed to the Australian Customs Service.⁹

5 *Estimates Hansard*, 28 May 2008, pp 23-25 and 28-31.

6 *Estimates Hansard*, 28 May 2008, pp 36-40.

7 *Estimates Hansard*, 28 May 2008, p. 36.

8 *Estimates Hansard*, 28 May 2008, pp 36-37.

9 *Estimates Hansard*, 28 May 2008, pp 40-41.

Civil Aviation Safety Authority

3.14 The committee heard, in some detail, evidence relating to an incident in which an Australian pilot was given incorrect advice by the Civil Aviation Safety Authority (CASA) regarding documentation required for operations outside Australian territory. While CASA advised the committee that the officer involved later contacted the pilot to correct the advice originally provided, the phone call was made on the day that the aircraft departed Thailand and the pilot did not receive the officer's message containing the correct advice until he landed. Upon landing in Singapore the pilot was arrested and detained. The committee asked CASA whether it had provided the Singaporean authorities with an account of the events prior to the incident, and was advised that CASA had not been requested to provide that information.¹⁰

3.15 The committee also discussed at length criticisms of CASA contained in the Queensland coroner's report into the Lockhart River tragedy, and CASA's response to those criticisms. CASA advised the committee that it has reviewed the coroner's report and implemented the recommendations.¹¹

3.16 The committee noted the limited availability of CASA's Chief Executive Officer (CEO), Mr Bruce Byron, during the budget estimates hearings, and indicated that they would explore options for further examining CASA's administration at a time when Mr Byron was available. On 29 May 2008 the committee resolved to adopt an inquiry into the administration of CASA and related matters under Standing Order 25(2)(b).¹²

Australian Transport Safety Bureau

3.17 The committee noted that the bureau's funding had been reduced as a result of the efficiency dividend. Officers advised that the bureau will be looking at discretionary expenditure such as travel to make the required savings, but appeared confident that the efficiency dividend will only have a minimal impact on the bureau's business.¹³

3.18 The bureau advised the committee that a number of programs, such as the Road Safety Research Grants program, and the Novice Driver program, had been transferred to other areas of the department as a result of the structural changes that have taken place.¹⁴

10 *Estimates Hansard*, 28 May 2008, pp 44-54.

11 *Estimates Hansard*, 28 May 2008, pp 55-65.

12 *Estimates Hansard*, 28 May 2008, pp 44 and 48.

13 *Estimates Hansard*, 28 May 2008, p. 71.

14 *Estimates Hansard*, 28 May 2008, pp 71-73.

Airservices Australia

3.19 The committee heard evidence on the challenges faced by Airservices Australia due to the shortage of air traffic controllers and other workforce related issues. Officers noted there are various contributing factors to the staff shortage in the aviation industry. However, the committee was advised that Airservices Australia has undertaken a vigorous recruitment campaign, and has renewed its recruitment training and workforce transition program to address these issues.¹⁵

Aviation and Airports

3.20 The committee noted that \$14.5 million will be provided for the noise insulation of Fort Street High School in Sydney, and asked officers why the school had not previously been funded under the Sydney Airport Noise Amelioration Scheme. Officers advised the committee that the school had not met the eligibility criteria for funding under that program.¹⁶

Bureau of Infrastructure, Transport and Regional Economics

3.21 The committee noted that the bureau was one of the divisions which had provided a number of responses to questions on notice directing senators to a website.¹⁷

3.22 The committee asked how the bureau intended to apply the efficiency dividend. Officers advised that they were looking at non-employee costs, such as travel, printing costs and revenue options.¹⁸

3.23 Officers informed the committee of a survey completed on grocery prices across regional Australia, which found that prices vary a great deal across locations. The survey ascertained that prices were generally lower in centres which were large enough to have a major chain supermarket or one of the independent supermarkets with a high turnover format.¹⁹

Australian Rail Track Corporation

3.24 The CEO of the Australian Rail Track Corporation (ARTC) provided the committee with a very detailed and informative briefing on the work undertaken by the ARTC.

15 *Estimates Hansard*, 28 May 2008, pp 73-75.

16 *Estimates Hansard*, 28 May 2008, p. 92.

17 *Estimates Hansard*, 28 May 2008, p. 97.

18 *Estimates Hansard*, 28 May 2008, p. 98.

19 *Estimates Hansard*, 28 May 2008, p. 100.

3.25 The committee sought information on the current issues surrounding the transport of grain. The CEO advised that grain lines have become inefficient and costly, as assets are simply being patched up as problems arise. He further noted

...there needs to be quite a lot of thinking about getting into box silos in more key locations, recognising the truck transportation of those silos and then to deal with rail on a more optimised efficiency basis, and there has to be a hard look across the nation at getting a more efficient logistics framework which recognises the technology available today and the efficiency of that technology.²⁰

Infrastructure Investment

3.26 The committee again raised the issue of unsatisfactory answers to questions on notice, observing that responses relating to road funding also referred senators to websites, a number of which did not contain the level of information that the committee was seeking. The committee reiterated that these answers were unhelpful and not of an acceptable standard.²¹

3.27 The committee noted that the Building Australia Fund is administered by the Department of Finance and Deregulation. Officers explained that management of the fund is a financial management task, therefore it has been allocated to the finance portfolio which manages funds of a similar nature.²²

3.28 The committee demonstrated considerable interest in the role and operation of Infrastructure Australia and its board. The department advised that Infrastructure Australia is an advisory body, and its role is to provide advice on nationally significant infrastructure to inform future investment decisions. Officers further advised that the board has been appointed, and will meet at least monthly.²³

3.29 The committee also inquired into the proposed operation of the grain rail taskforce. Officers advised that the nature and membership of the taskforce, and its terms of reference have yet to be finalised. Officers further informed the committee that the taskforce will be looking at long-term solutions for the transport of grain by rail in New South Wales, and it is expected to start operating early in the financial year.²⁴

20 *Estimates Hansard*, 28 May 2008, p. 139.

21 *Estimates Hansard*, 28 May 2008, pp 110-111.

22 *Estimates Hansard*, 28 May 2008, pp 100-101.

23 *Estimates Hansard*, 28 May 2008, pp 102-110.

24 *Estimates Hansard*, 28 May 2008, pp 123-124.

National Transport Strategy

3.30 The committee heard about the role of the new departmental division, National Transport Strategy. Officers informed the committee that the division's responsibilities will include coordinating regulatory reforms and developing national strategy. The intention is to implement a national approach to various aspects of transport strategy through a series of working groups established under the division.²⁵

Infrastructure and Surface Transport Policy

3.31 The committee asked for further detail on the keys2drive program. The department advised that the initiative involves a free professional lesson for learner drivers and their supervisors, as well as the development of an interactive website and other educational resources.²⁶

3.32 Officers explained that this is essentially a train the trainer scheme, elaborating that

[t]he concept behind the program is that the majority of driving that a learner driver undertakes prior to obtaining their licence is actually undertaken with their supervisor, usually their parent or a mentor. The concept behind the program is to enable the learner driver and that supervisor to undertake a lesson with a trained professional so that the trained professional can impart some of the skills associated with teaching driving in a professional manner as opposed to picking up habits that some of us develop over our driving lives and pass on subconsciously to our children and those that learn from us.²⁷

Australian Maritime Safety Authority

3.33 The committee had requested the appearance of the National Marine Safety Committee (NMSC) at the 2008-09 budget estimates hearings. In response to this request, the committee received correspondence from the acting secretary of the department, advising that as the NMSC is not a Commonwealth statutory agency or authority, or a government business enterprise, but rather a joint Commonwealth/state body established by intergovernmental agreement, representatives of the NMSC would not be appearing at the hearings.

3.34 The committee sought clarification on the funding arrangements for the NMSC. The department advised that NMSC is not directly funded from the budget, but through contributions from all jurisdictions, including the Commonwealth.²⁸

25 *Estimates Hansard*, 29 May 2008, pp 40-41.

26 *Estimates Hansard*, 29 May 2008, pp 48-49.

27 *Estimates Hansard*, 29 May 2008, p. 49.

28 *Estimates Hansard*, 29 May 2008, p. 51.

3.35 Officers explained to the committee that while NMSC has had considerable success in developing maritime standards, the pace of reform has been slow due to the challenge of getting each jurisdiction to implement those standards, and change their legislation accordingly. The committee heard that officers are developing a paper for presentation to ministers, which will outline the option of a single national approach to the implementation and development of standards through AMSA.²⁹

Local Government and Regional Development

3.36 At the commencement of the estimates hearings for the portfolio, the committee requested the provision of three lists relating to project applications under the Regional Partnerships program, containing information on the following projects:

- the 116 projects which were approved but not contracted;
- the 452 projects which had been approved and contracted; and
- the 494 project applications which had been submitted but had not been assessed.³⁰

3.37 The committee acknowledged the receipt of lists containing information on the 116 non-contracted projects and the 452 contracted projects prior to its examination of the Local Government and Regional Development division. However, the committee questioned why a list of the remaining 494 project applications could not be provided. The minister explained that

[t]he Regional Partnership Program has closed. The applications in question have no status. They are not recipients of Commonwealth funding under the regional program. There is a difference between projects that were unsuccessful in a continuing program and projects that were never considered because the program does not exist. Given the expressed wish of the members of the committee to have access to this information, what the minister has decided is that we will write to the applicants to ask them if they are willing to have their details disclosed, and if the applicant is willing we are happy to provide the details.³¹

3.38 The committee was advised that the 116 approved but not contracted Regional Partnerships projects discussed at the 2007-08 additional estimates hearings had become 115, as one of the proponents had signed and returned their contract, and that application has become an actively progressing project.³²

3.39 The committee noted that the government had made a budget decision to close the Regional Partnerships and Sustainable Regions programs, and projects which did

29 *Estimates Hansard*, 29 May 2008, pp 52-53.

30 *Estimates Hansard*, 29 May 2008, pp35 and 42.

31 *Estimates Hansard*, 29 May 2008, p. 59.

32 *Estimates Hansard*, 29 May 2008, p. 67.

not already have a contract in place, including the 115 previously mentioned, would not proceed. The committee further noted that 86 of those projects are now being considered for funding. The minister explained that since the budget, the government has announced that 86 not-for-profit and local government projects which had been approved but not contracted have now been granted until 31 July 2008 to complete their contract negotiations.³³

3.40 The committee raised the issue of numerous communities which had made applications to the Regional Partnerships program in good faith and asked if these communities will be able to pursue alternative avenues for funding.³⁴ The minister informed the committee that the government has announced that a new program, the Regional and Local Community Infrastructure program, will be included in next year's budget to fund investment in community infrastructure.³⁵

3.41 The department informed the committee that the administrative arrangements for the Better Regions program are currently being finalised. Officers further advised that while the government has yet to announce the projects that will be funded under Better Regions, it is likely that some Regional Partnerships projects which were government election commitments will be funded through this program.³⁶ The committee was told that applications cannot be made to the Better Regions program as it is currently 'fully committed based on the government's election commitments'.³⁷

3.42 The committee sought detail about the assessment process for projects which will be funded under the Better Regions program. The minister repeatedly stated that each election commitment announced during the campaign will be funded.³⁸

3.43 The committee also heard that the Office of Northern Australia is a new function of the department, but will run out of existing regional offices in Darwin and Townsville, as well as from Canberra. Officers advised that the Office of Northern Australia has been allocated \$2 million of funding each year over the next four years.³⁹

Senator Glenn Sterle Chair

33 *Estimates Hansard*, 29 May 2008, pp 66-68.

34 *Estimates Hansard*, 29 May 2008, pp 88-103.

35 *Estimates Hansard*, 29 May 2008, pp 68 and 101.

36 *Estimates Hansard*, 29 May 2008, pp 100-101 and 120-122.

37 *Estimates Hansard*, 29 May 2008, p. 120.

38 *Estimates Hansard*, 28 May 2008, pp 21-22; *Estimates Hansard*, 29 May 2008, pp 120-121.

39 *Estimates Hansard*, 29 May 2008, pp 126-128.

