

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

Infrastructure and Transport

Question no.: 105

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Moorebank Intermodal Terminal

Proof Hansard Page/s: 64 (23/05/12)

Senator MACDONALD asked:

Senator IAN MACDONALD: It will sell the GBE like they are going to sell the NBN. Ha, ha! Is the advice from Infrastructure Australia in 2009 a public document?

Mr Mrdak: I do not believe it is. I think it is advice to the government. Certainly Infrastructure Australia reports to government have indicated the project as a high-priority project. I do not think the evaluation report itself is public. I will take that on notice, if you do not mind.

Answer:

The report is available on the Infrastructure Australia website.

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Infrastructure and Transport

Question no.: 106

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Infrastructure Australia recommendations on projects

Proof Hansard Page/s: 69-70 (23/05/12)

Senator LUDLAM asked:

Senator LUDLAM: I wonder whether this has a bearing—or whether you have said, 'No I will not provide an answer to that question on notice'—on funding that has been awarded to support extractive industries as opposed to funding that has been awarded to support roads or passenger rail or public transport initiatives. Is it possible to provide a break-up?

Mr Deegan: Projects are all available in our June 30 report that we publish each year and they are all available on our website—the ones that are being funded. It is easy enough to give you a printout of the page and mark up which is which. But they are all driven, rather than on a political basis—that might have been the case in the past—on an economic assessment about the benefit that these projects will give to Australia. So it covers a range of areas.

Senator LUDLAM: No, I do not need help with a printout; but I could use a hand with a mark-up, if you are offering to do that for us.

Mr Deegan: Sure; happy to do that.

Senator LUDLAM: Just in two different colours of highlighter pen; that would be appreciated.

Mr Deegan: I am not sure whether that will survive the computer, but we will find a way.

Answer:

Infrastructure Australia recommends projects that provide economic benefits and grow wealth for all Australians. Recommendations are based on the provision of infrastructure in the public interest, as such, it is not possible to provide a break-down of infrastructure funding that supports extractive industries against those that support roads, passenger rail or public transport initiatives.

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Question no.: 107

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Engineering and related skills in Australia

Proof Hansard Page/s: 71-72 (23/05/12)

Senator BACK asked:

Senator BACK: The other area, totally unrelated, is that we have an education and workplace relations committee looking at engineering and related skills in this country. Engineers Australia and another witness reported to us the other day that their best estimate is that we are losing—'we' presumably being the taxpayer—upwards of \$6 billion a year in infrastructure projects that, because of inadequate supplies of engineers and those linked to them, are not being properly defined in the first place. Tenders are not being correctly written, reviewed and allocated, there are delays in projects actually being undertaken and completed, there is poor quality work and then there is the need to go back and redo work post completion. Are you familiar with that evidence, or that information presented to us as evidence, and does that figure of \$6 billion per annum on infrastructure projects surprise you?

Mr Deegan: Senator, I am not familiar with the evidence, but I will take that on board.

Senator BACK: I only raise it because, if there is any element of truth anywhere near that figure, it seems to me that there is the potential for us to dig into it for the benefit of all parties.

Mr Deegan: In terms of tendering, the Infrastructure Australia council will consider on Friday a report on the procurement processes. We will be providing advice about a benchmarking project so the private sector can see the sorts of time lines there should be for simple tenders, more complex PPPs and the like. We have had a very positive response from jurisdictions to that. They feel there is a need to benchmark and to push people to draw the time lines tighter and get the information prepared upfront. That would make a substantial difference to some of the cost issues and certainly some of the frustration issues that go with tendering, and we would try and drive some of that change. In terms of the impact of loss of engineers on that particular issue, I will take that on notice.

Answer:

I am not aware of the source of the estimate that poor scoping resulted to a loss of \$6 billion.

Engineers play a key role in scoping projects. While supply and demand imbalances occur frequently in any labour market, that market is reasonably efficient in dealing with those imbalances. Indeed, many of the submissions pointed to the responsiveness of the market to address high levels of demand for engineering skills.

Infrastructure Australia's view, supported by the analysis above, is that there are other factors at work in making major infrastructure procurement less efficient than it should be. It is also Infrastructure Australia's view that the other factors are frequently less responsive to market mechanisms, which is why we instigated the major infrastructure procurement benchmarking project. The major infrastructure procurement benchmarking report aims to provide guidance on

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best practice in preparation for and implementation of procurement (including project scoping) as well as benchmarks for performance in the key aspects of the process.

The guidance and benchmarks will provide for a greater level of transparency and accountability for project managers, because, to our knowledge, this information has not been publicly available before.

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Question no.: 108

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Port of Townsville and Abbott Point

Proof Hansard Page/s: Written

Senator MACDONALD asked:

We draw your attention to remarks made at Additional Estimates in February 2012 by Mr Deegan regarding the logistic challenges facing operations at the Port of Townsville and at Abbott Point.

1. What strategies have been put in place since last estimates to address the logistic challenges at these critical transport and industrial hubs?
2. Has the national port strategy progressed further in encompassing the needs of the mining and resources sector?
3. The COAG priorities specified in the National Port Strategy document published by the department include planning for ports and infrastructure developments. Has the private sector – in particular the resources industry – been substantially engaged to facilitate this planning?
4. (a) Is the Bureau of Infrastructure Transport and Regional Economics on track to report (as previously announced) at the end of 2012 on the introduction of dedicated freight land transport infrastructure? (b) What are the bureau's terms of reference in investigating these infrastructure developments?

Answer:

1. The Mount Isa Townsville Economic Development Zone (MITEZ) has produced a 50-year plan for the supply chain. That report is available from MITEZ.
- 2-3. Both the National Farmers Federation and Mining Industry Council are represented on the Ports Expert Reference Group at CEO level.
4. Yes

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Question no.: 109

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Staffing and Budget

Proof Hansard Page/s: Written

Senator NASH asked:

- (1) How many staff are presently employed at IA?
- (2) Where are they located? (How many are at each location?)
- (3) Is this expected the increase/decrease over the next 12 months?
- (4) What is your budget for 2012-13?

Answer:

- (1)(2)(3) Ten permanent staff are employed at Infrastructure Australia in Sydney, with one vacancy. The Infrastructure Coordinator is a statutory appointment.
- (4) The budget for 2012-2013 is \$9m.

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Question no.: 110

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: 2012 Report to COAG

Proof Hansard Page/s: Written

Senator NASH asked:

Priority List

- (1) What is the latest update on the 2012 report to COAG?
- (2) When will the report be finalised?
- (3) When will it be released?

Answer:

1-3. The 2012 report to COAG was released on 13 June 2012.

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Question no.: 111

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Briefs and appraisals for projects on the priority lists

Proof Hansard Page/s: Written

Senator NASH asked:

- (1) In the June 2011 report to COAG was released you put a number of project appraisals and briefs on the IA website. Is it standard practice for IA to produce a brief and appraisal for every project that is submitted to IA or just the ones on the priority list?
- (2) How is it decided which projects get an appraisal and which don't?
- (3) Are all of the appraisals and briefs publicly available? If not, why not?
- (4) Is it your intention to release another batch of appraisals and briefs when the 2012 report to COAG is released?
- (5) What happens after a brief and appraisals are compiled? What does IA do next?

Answer:

- (1) Briefs and appraisals are published for projects on the priority lists.
- (2) Those who meet the appraisal criteria are published.
- (3) See above.
- (4) Yes.
- (5) Infrastructure Australia engages with stakeholders to get projects considered "ready to proceed", funded. Of the original list recommended by Infrastructure Australia in this category, ten out of ten have been funded to the tune of billions of dollars.

It works with proponents of projects in other categories to get those projects into the top category "ready to proceed".

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Question no.: 112

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: National Infrastructure Construction Schedule website

Proof Hansard Page/s: Written

Senator NASH asked:

- (1) What involvement did Infrastructure Australia have in the creation of the National Infrastructure Construction Schedule website?
- (2) Did IA provide any financial or other support in the creation of the website?

Answer:

Infrastructure Australia supported the Department in this work.

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Question no.: 113

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Regional Towns Water Quality and Security

Proof Hansard Page/s: Written

Senator NASH asked:

- (1) The recent 'Do Australians in Regional Areas Deserve Quality Drinking Water?' conference was presented by IA as an opportunity to advance discussions with industry, academics and all levels of government to try and reach some sort of agreement, there appears to have been little media or information about the outcomes of the conference. Can you advise who the attendees of the conference were and what the outcomes/agreements stemming from this conference were?
- (2) The report in 2010 on regional towns water quality and supply was widely rejected by local councils who felt they had not been adequately consulted. What consultations have taken place between the Minister/dept and local councils since the release of the report? And what future consultations are planned?
- (3) In January 2011 following release of the report IA stated they were developing a 'plan of action' to respond to the report's findings. Has the plan of action been finalised?
- (4) The 2012-13 budget states 'water reform' is a key part of IA's work program for the year. Can we expect further progress in the area of water quality this year?

Answer:

- (1) The conference has been deferred to ensure wider involvement;
- (2)(3)(4) The Infrastructure Coordinator has engaged in a range of meetings with stakeholders and more are planned, including a major conference to debate the way ahead.