

# Chapter 3

## Infrastructure and Transport portfolio

### Department of Infrastructure and Transport

3.1 This chapter contains the key issues discussed during the 2012-13 budget 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 Wednesday 23 May 2012. The hearing was conducted in the following order:

- Corporate Services
- Office of the Inspector of Transport Security
- Office of Transport Security
- Aviation and Airports
- Airservices Australia
- Civil Aviation Safety Authority
- Australian Transport Safety Bureau
- Infrastructure Australia
- Nation Building—Infrastructure Investment
- Australian Rail Track Corporation
- Australian Maritime Safety Authority
- Surface Transport Policy
- Policy and Research
- Major Cities Unit

### Corporate Services

3.3 The committee began by discussing the department's key initiatives for the next 12 months. In his opening statement, the Secretary, Mr Mike Mrdak, noted that one of the major initiatives is the development of the Moorebank Intermodal facility in Sydney. Mr Mrdak described this initiative as a longstanding commitment of governments to provide an opportunity for freight growth.<sup>1</sup>

3.4 Mr Mrdak also detailed funding for the Pacific Highway, explaining that an additional \$3.56 billion has been provided in the budget, to complete the duplication of the highway by 2016. The funding will be split between Commonwealth and State

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1 *Proof Estimates Hansard*, 23 May 2012, p. 3.

Governments and is contingent on the New South Wales Government matching that amount.<sup>2</sup>

3.5 Officers informed the committee that a fifty-fifty split has been a consistent position by successive Australian governments, dating back to the Memorandum of Understanding established for the AusLink program, and that some of the more recent projects have had the split at varied amounts, particularly due to the fiscal stimulus package.<sup>3</sup>

3.6 Mr Mrdak detailed several other items of funding outlined in the budget, including:

- \$20 million to continue work on high-speed rail and national transport planning;
- \$60 million per annum for the continuation of the Black Spot Program; and
- \$350 million per annum to continue the Roads to Recovery Program.<sup>4</sup>

3.7 The budget also provides \$34.9 million to establish national regulators in relation to maritime transport, heavy vehicles and rail safety. \$15.6 million will go towards the national heavy vehicle regulator based in Brisbane, \$9.2 million for a national rail safety regulator based in Adelaide, and \$10.1 million for the national maritime regulator, based in Canberra.

3.8 Mr Mrdak also informed the committee that the budget provides \$140 million over the next six years for the heavy vehicle safety package. Officers told the committee that the \$140 million continues the program that has been running since 2008, and will involve further construction of rest stops, improvements to physical infrastructure (such as strengthening pavement), and technology trials that address speed and fatigue.<sup>5</sup>

3.9 The committee sought further information on the work done so far on the high-speed rail. Mr Mrdak told the committee that Stage 2 of the study is now underway, with the report expected to be available in December 2012. The report is looking at costing an east coast network, travelling from Brisbane CBD, to Sydney CBD, through Canberra and finishing in Melbourne CBD.<sup>6</sup>

3.10 The committee discussed the impact of the efficiency dividend on the department. Mr Mrdak told the committee that the efficiency dividend for 2011-12

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2 *Proof Estimates Hansard*, 23 May 2012, pp 3–4.

3 *Proof Estimates Hansard*, 23 May 2012, p. 5.

4 *Proof Estimates Hansard*, 23 May 2012, p. 4.

5 *Proof Estimates Hansard*, 23 May 2012, pp 4–5.

6 *Proof Estimates Hansard*, 23 May 2012, pp 8–9.

was reached by a small reduction in staff, but largely it was achieved by reducing expenditure on consultancies, travel and corporate expenses.<sup>7</sup>

### **Office of the Inspector of Transport Security (OITS)**

3.11 The Inspector of Transport Security, Mr Mick Palmer, began by informing the committee that on 7 June 2012 Mr Andy Hughes will take over as Inspector of Transport Security. The committee thanked Mr Palmer for his service and welcomed Mr Hughes to his upcoming role.

3.12 The committee sought further information on the role of the Office of the Inspector of Transport Security (OITS) in relation to its oversight of the effectiveness and enforcement of security. Mr Palmer told the committee that inquiries are only conducted as directed by the Minister, and that the position does not have any 'own-motion oversight capacity', but that part of the brief from the Minister is to give advice on areas that the OITS considers warrant an external audit or assessment process.<sup>8</sup>

### **Office of Transport Security**

3.13 The committee asked officers to explain the funding allocated to security upgrades at regional airports. Officers informed the committee that 21 airports are required to have upgraded their security by 1 July 2012, and that of the 21, three have commenced screening. Of the remaining 18, officers told the committee they are confident 16 are on track to commence by 1 July 2012, and that the department is working closely with the remaining two, to ensure that the commencement date is met.<sup>9</sup>

3.14 The committee heard that the capital expenditure for the screening equipment has been provided by the Commonwealth, but that any ongoing maintenance costs will be the responsibility of the airport.<sup>10</sup>

### **Aviation and Airports**

3.15 The committee asked officers to explain the department's approach to responding to the joint study on aviation capacity for the Sydney region. Officers informed the committee that, following the Government's consideration of the joint study, the Government announced three courses of action.

3.16 The first is to address some of the immediate priorities of road and rail access to Sydney Airport. This has been identified as one of the major issues in the next decade in terms of capacity for growth. Secondly, Australian transport ministers have

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7 *Proof Estimates Hansard*, 23 May 2012, p. 11.

8 *Proof Estimates Hansard*, 23 May 2012, p. 17.

9 *Proof Estimates Hansard*, 23 May 2012, pp 20–21.

10 *Proof Estimates Hansard*, 23 May 2012, p. 21.

announced that guidelines for the protection of aerodrome assets from inappropriate development around those airports will be developed. Thirdly, further investigations are taking place into the use of Richmond airbase for civilian traffic, as well as investigations into the possibility of a supplementary airport for the Sydney region.

### **Airservices Australia**

3.17 The committee discussed the resignation of the Chief Executive Officer, Mr Greg Russell, shortly prior to the estimates hearings. In its questioning, the committee sought responses to allegations made in the *Sunday Telegraph* in relation to Mr Russell's credit card expenditure.

3.18 Mr Andrew Clark, Acting Chief Executive Officer, informed the committee that Airservices Australia has a number of guidelines in relation to credit cards, including a series of procedures and management instructions. Mr Clark also informed the committee that there were occasions where Mr Russell was questioned on his credit card statement, but that the responses received were satisfactory.<sup>11</sup>

3.19 The committee discussed a range of issues, including performance bonuses for senior management, staffing levels of air traffic controllers, and training costs.<sup>12</sup>

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

3.20 The committee sought further information on CASA's involvement in instances of breakdown of separation (where aircrafts breach the defined standards of separation) and loss of separation ('separation assurance' is the process to try and keep the aircraft away from that situation). Officers told the committee that CASA takes these instances very seriously, and is currently awaiting reports from both Airservices Australia and the Australian Transport Safety Bureau in relation to these matters.<sup>13</sup> Officers also explained that breakdown of separation incidents are reported to CASA under the electronic safety incident reporting scheme, however, CASA relies on Airservices Australia's internal investigation report on the matter.<sup>14</sup>

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

3.21 Following up questions asked in previous estimates hearing, the committee asked the ATSB to detail the changes required for its planned expansion to incorporate investigations into rail and maritime safety occurrences. Officers told the committee that the ATSB will take on more staff. It has also entered into agreements

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11 *Proof Estimates Hansard*, 23 May 2012, pp 34–35.

12 *Proof Estimates Hansard*, 23 May 2012, pp 40 and 41–43.

13 *Proof Estimates Hansard*, 23 May 2012, p. 46.

14 *Proof Estimates Hansard*, 23 May 2012, p. 50.

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with the existing state based investigative organisations in New South Wales and Victoria, to help with investigative capability.<sup>15</sup>

3.22 The committee discussed ATSB's reporting, and asked officers to respond to comments that its reports are delayed by seeking comments from interested parties. Officers explained its reporting process to the committee, stating that consultation is only done once a draft report is prepared, which means all facts have been examined and the ATSB has formed provisional views. When draft reports are sent out for feedback from the relevant parties, comments are expected to be returned within one month, noting that the feedback should be only provide corrections on factual inaccuracies. Officers further noted that:

The focus is on getting something done in response to our findings. That process normally takes a month plus another week or two to make sure that the relevant concerns that may have been raised with us are integrated into the final report. I do not see it as a major constraint on our timeliness.<sup>16</sup>

### **Infrastructure Australia**

3.23 The committee sought further information on the progress of the National Port Strategy. Officers told the committee that there is an out-of-session approval process underway within the Council of Australian Governments, and that a number of jurisdictions have proceeded with both individual state port plans and individual port plans, which are recommendations of the National Port Strategy.<sup>17</sup>

3.24 The committee asked how Infrastructure Australia evaluates its projects. Mr Michael Deegan, Infrastructure Coordinator, told the committee that there is a seven-step assessment phase. Infrastructure Australia seeks a clear identification of the problem that the applicant is trying to resolve, and then a range of options that might best meet that, followed by an economic assessment of a cost-benefit analysis of the preferred option.<sup>18</sup>

3.25 The committee discussed Infrastructure Australia's report into export freight issues in Tasmania. Mr Deegan informed the committee that the report has not yet been given to the Minister, but that it was 'imminent'. Export freight issues in Tasmania were discussed further with officers from Surface Transport Policy, details of this can be found in paragraphs 3.32–3.34.

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

3.26 The committee sought further information on an answer to a question on notice which detailed funding for remote roads in Northern Australia. Specifically,

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15 *Proof Estimates Hansard*, 23 May 2012, p. 54.

16 *Proof Estimates Hansard*, 23 May 2012, p. 56.

17 *Proof Estimates Hansard*, 23 May 2012, p. 62.

18 *Proof Estimates Hansard*, 23 May 2012, p. 70.

the answer referred to \$52 million for the upgrading of Northern Territory roads, and \$30 million for upgrading roads in Cape York and north-west Queensland.

3.27 Officers told the committee that part of the allocations for the Northern Territory included funding for a beef and mining roads package had expenditure of \$37 million in 2011-12, but the funding for 2012-13 is yet to be finalised.<sup>19</sup>

3.28 The committee sought an update on the number rest stops constructed as part of the heavy vehicle safety package. Officers told the committee that in round one of projects, there were 19 new rest areas, 44 upgrades of existing rest areas, 10 parking and decoupling bays, 27 existing parking and decoupling bays, and some strengthening works. In round two, there were 11 new rest areas, 17 upgrades of existing rest areas, one new parking and decoupling bay, upgrades to seven existing parking and decoupling bays, and nine bridge strengthening works.<sup>20</sup>

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

3.29 The committee asked officers to detail the processes involved in applying to transport livestock by vessel. Officers informed the committee that AMSA approves ships to carry livestock from Australian ports, under Marine Orders Part 43. These Orders specify the holding conditions required to transport livestock onboard. These conditions include:

- pen strengths;
- pen sizes;
- emergency lighting;
- ventilation capacities;
- freshwater supply systems; and
- food supply systems.<sup>21</sup>

### **Surface Transport Policy**

3.30 The committee requested an update on the progress of the national regulators for heavy vehicles, rail and maritime. Officers informed the committee that in August 2011, the Council of Australian Government Ministers signed off on the national partnership agreements, which underpin the three national transport regulators.

3.31 The law for the national rail regulator has been introduced and passed in the South Australian Parliament, and each jurisdiction will be required to pass an applicable law. Two bills need to be passed in the Queensland Parliament for the

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19 *Proof Estimates Hansard*, 23 May 2012, p. 76.

20 *Proof Estimates Hansard*, 23 May 2012, p. 84.

21 *Proof Estimates Hansard*, 23 May 2012, p. 112.

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National Heavy Vehicle Regulator, as Queensland is the host jurisdiction for this legislation.<sup>22</sup>

3.32 As mentioned in paragraph 3.25, the committee sought information in relation to a \$20 million package to assist freight out of Tasmania. Officers told the committee that the department is in the process of discussing the details of the funding agreement, with the Tasmanian Department of Transport, on behalf of the Tasmanian Government. Officers stated that:

...we anticipate that over the coming weeks the minister and the Tasmanian government will announce the details of the arrangements.<sup>23</sup>

3.33 This appeared to conflict with a media release the following day from the Minister. As a result, the committee wrote to the Minister, Mr Mrdak, and Mr Deegan seeking to clarify this matter.<sup>24</sup> Senator Colbeck also sought advice from the Clerk of the Senate and provided this to the committee, a copy can be found in appendix 6.

3.34 The committee reminds officers that providing misleading evidence to the committee is potentially a contempt of the Senate, and that officers of all departments must be scrupulous in ensuring the accuracy of their evidence. Nevertheless, in this instance, the committee is satisfied with the clarification provided by the Minister and officers.

3.35 The committee discussed freight rates in relation to the Tasmanian Freight Equalisation Scheme (TFES). Officers informed the committee that the department will be conducting a parameter review which will inform what the rate should be. Officers also explained that the rate of assistance under the TFES has remained unaltered since 1998, notwithstanding the change in relativities between the freight rates and what is happening with road freight rates.<sup>25</sup>

## **Policy and Research**

3.36 The committee sought further information on the seatbelts for school buses scheme. Officers told the committee that there was a budget announcement of \$4 million over four years beginning in 2013-14. This was a lapsing terminating program, which the Government has decided to extend. The program has upgraded 267 school buses around Australia.

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22 *Proof Estimates Hansard*, 23 May 2012, pp 114–115.

23 *Proof Estimates Hansard*, 23 May 2012, p. 117.

24 Copies of this correspondence can be found at the following link:  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=rrat\\_ctte/estimates/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/estimates/index.htm)

25 *Proof Estimates Hansard*, 23 May 2012, p. 120.

