

Chapter 2

Infrastructure and Regional Development

2.1 This chapter contains the key issues discussed during the 2014-15 Budget Estimates hearings for the Infrastructure and Regional Development portfolio.

Department of Infrastructure and Regional Development

2.2 The committee heard evidence from the Department of Infrastructure and Regional Development (the department) and agencies on Monday 26 May and Tuesday 27 May 2014. The hearing was conducted in the following order:

- Corporate Services;
- Infrastructure Investment and Infrastructure Australia;
- Western Sydney Unit;
- Australian Transport Safety Bureau;
- Civil Aviation Safety Authority;
- Airservices Australia;
- Aviation and Airports;
- Local Government and Territories;
- National Capital Authority;
- Policy and Research;
- Surface Transport Policy;
- National Transport Commission; and
- Australian Maritime Safety Authority.

Corporate Services

2.3 The committee discussed the department's expenditure and procurement processes relating to a video production released on 13 May 2014, entitled *Infrastructure for the 21st Century*. The committee was informed that the department used a 'panel arrangement' to commission production of the video, whereby members of the panel were selected by tender.¹ Production of the video involved two separate contracts at a total cost of \$70,460.72.²

2.4 Mr Mike Mrdak, Departmental Secretary, updated the committee on the department's progress towards achieving a \$60 million reduction in regulatory costs

1 *Estimates Hansard*, 26 May 2014, pp. 5-9.

2 *Estimates Hansard*, 26 May 2014, pp. 6-9, 19.

across the Infrastructure and Regional Development portfolio. The committee heard that by June 2014 the department was required to have undertaken an audit of all its regulatory activities and to have subjected them to a compliance cost calculation, using a framework set by the Department of Prime Minister and Cabinet. Further, the department was in the process of identifying legislation or regulation that could be removed to reduce unnecessary regulatory compliance costs, focusing particularly on the Civil Aviation Safety Authority and Australian Maritime Safety Authority. Specific areas within the department's own remit targeted for reductions in regulation were stated to include motor vehicle compliance, transport security, and aviation and airports.³

2.5 Finally, the department detailed how it would achieve savings in its budget through machinery of government changes and the application of a 2.5 per cent efficiency dividend on its portfolio.⁴

Infrastructure Investment and Infrastructure Australia

2.6 The committee devoted significant attention to examining current and proposed infrastructure projects, including:

- (a) the East West Link, Victoria;⁵
- (b) the M80 Ring Road, Victoria;⁶
- (c) the Melbourne Rail Link, Victoria;⁷
- (d) the Perth Freight Link, Western Australia;⁸
- (e) the WestConnex, New South Wales;⁹
- (f) the Pacific Highway, New South Wales;¹⁰
- (g) the Toowoomba Second Range Crossing, Queensland;¹¹
- (h) the Bruce Highway, Queensland;¹²
- (i) 16 ongoing projects and 45 new projects in Queensland;¹³

3 *Estimates Hansard*, 26 May 2014, pp. 10-18.

4 *Estimates Hansard*, 26 May 2014, p. 15.

5 *Estimates Hansard*, 26 May 2014, pp. 19-41, 110-111.

6 *Estimates Hansard*, 26 May 2014, pp. 41-44.

7 *Estimates Hansard*, 26 May 2014, pp. 44-45.

8 *Estimates Hansard*, 26 May 2014, pp. 47-63.

9 *Estimates Hansard*, 26 May 2014, pp. 66-69, 82-86, 96-99.

10 *Estimates Hansard*, 26 May 2014, pp. 78-82.

11 *Estimates Hansard*, 26 May 2014, pp. 70-71, 107-109.

12 *Estimates Hansard*, 26 May 2014, p. 71.

13 *Estimates Hansard*, 26 May 2014, pp. 99-107.

- (j) the Midland Highway, Tasmania;¹⁴
- (k) the Freight Equalisation Scheme and Bass Strait Passenger Vehicle Equalisation Scheme, Tasmania;¹⁵
- (l) the Hobart Airport runway extension, Tasmania;¹⁶
- (m) the Torrens Road to River Torrens, South Australia;¹⁷
- (n) the Darlington, South Australia;¹⁸
- (o) Outback Way, Northern Territory;¹⁹
- (p) Tiger Brennan Drive, Northern Territory;²⁰ and
- (q) the Majura Parkway, Australian Capital Territory;²¹

2.7 In relation to infrastructure projects allocated Commonwealth funding, a consistent theme throughout questions concerned whether a full business case had been assessed and benefit-cost ratio (BCR) calculated by Infrastructure Australia, an independent statutory body that advises the government on infrastructure issues.

2.8 The committee examined the decision by Moorebank Intermodal Company to negotiate with Qube and Aurizon about the development and operation of the Moorebank intermodal terminal.²² Mr Mrdak informed the committee that, following the receipt of expressions of interest, Qube and Aurizon – together the Sydney Intermodal Terminal Alliance (SIMTA) – were selected to proceed with negotiations on the basis that 'their proposal was the most advanced and best placed to meet the government's objectives.'²³

2.9 The committee sought an update from Infrastructure Australia on the status of proposals for public transport projects, as at December 2013, and was informed that none had attracted any Commonwealth funding.²⁴

14 *Estimates Hansard*, 26 May 2014, pp. 72-73.

15 *Estimates Hansard*, 26 May 2014, p. 73-76.

16 *Estimates Hansard*, 26 May 2014, p. 74.

17 *Estimates Hansard*, 26 May 2014, pp. 77-78.

18 *Estimates Hansard*, 26 May 2014, pp. 77-78, 111-113.

19 *Estimates Hansard*, 26 May 2014, pp. 113-114.

20 *Estimates Hansard*, 26 May 2014, pp. 115, 118-119.

21 *Estimates Hansard*, 26 May 2014, p. 116.

22 *Estimates Hansard*, 26 May 2014, pp. 86-96.

23 Mr Mrdak, Secretary, Department of Infrastructure and Regional Development, *Estimates Hansard*, 26 May 2014, p. 87.

24 *Estimates Hansard*, 26 May 2014, pp. 119-121.

Western Sydney Unit

2.10 The committee discussed the Western Sydney Infrastructure Plan, focusing on the planning and development of road and rail infrastructure to service Sydney's second airport, to be located at Badgerys Creek.²⁵ Mr Mrdak indicated that the department had been funded to, *inter alia*, provide planning for rail access to the airport site, but that funding for rail infrastructure ultimately remained a state responsibility. He noted, however, that the federal government was making a 'substantial contribution' to road investment in the area.²⁶

Australian Transport Safety Bureau

2.11 The committee sought an update on the status of the Transportation Safety Board of Canada's peer review of the Australian Transport Safety Bureau (ATSB). Mr Martin Dolan, Chief Commissioner, ATSB, stated that it was 'unlikely' that a final report would be available before the end of June 2014 and that the ATSB would be given an opportunity to comment on the factual content of the draft report.²⁷

2.12 Mr Dolan also updated the committee on the ATSB's role in the search for the missing aircraft MH370, reductions in staff, requests for supplementary funding, and its current review aimed at reducing industry regulation.²⁸

Civil Aviation Safety Authority

2.13 The committee discussed near misses or collisions of unmanned aerial vehicles (UAVs) with structures or other aircraft and heard that rules relating to UAVs weighing below two kilograms are 'relatively light', with no build or maintenance standards currently in place. However, Mr John McCormick, Director of Aviation Safety, Civil Aviation Safety Authority (CASA), informed the committee that CASA had designed an education program, incorporating safety pamphlets that are issued to major toy stores and electronics outlets.²⁹

2.14 Following from discussions at the Additional Estimates 2013-14 hearings, the committee investigated the current status and costs of legal proceedings before the Administrative Appeals Tribunal (AAT), involving CASA and a pilot with a colour-vision-deficiency who, due to this condition, had certain restrictions placed on his licence. The committee was informed that a mediation conducted in early 2014 had been unsuccessful.³⁰

25 *Estimates Hansard*, 26 May 2014, pp. 125-132.

26 *Estimates Hansard*, 26 May 2014, pp. 127-128.

27 *Estimates Hansard*, 26 May 2014, pp. 134-137.

28 *Estimates Hansard*, 26 May 2014, pp. 132-134, 139-142.

29 *Estimates Hansard*, 26 May 2014, pp. 144-145.

30 *Estimates Hansard*, 26 May 2014, pp. 145-146.

2.15 In relation to the issue of colour-vision-deficient pilots, the committee once again explored the validity and reliability of current and alternative methods utilised to assess the competence of such pilots to safely operate an aircraft.³¹

Airservices Australia

2.16 The committee sought an update on various initiatives implemented at Perth Airport designed to increase efficiency, including the 'Airport Capacity Enhancement (ACE) program' and 'MAESTRO program'. It was indicated to the committee that, as a result of the ACE program, there had been an increase in departure rates and a reduction in airborne delays at Perth Airport.³²

Aviation and Airports

2.17 Noting the concerns of some aircraft operators who felt they had no recourse when airport owners or leaseholders made adverse decisions, the committee asked the department to clarify the Commonwealth's responsibilities and powers in relation to airports that it had gifted, sold or leased.³³ Mr John Doherty, Acting Deputy Secretary of the Department, responded with the following:

... In relation to the ALOP [Aerodrome Local Ownership Plan] deeds, which are the deeds that applied in relation to the transfer of many of the regional airports, not the leased federal airports, we have taken legal advice on issues from time to time which clearly shows some gaps in the capacity. The practice over a period with those leases has been that we are able to, and do as a matter of policy, ensure that the airports continue to operate as airports but that our powers to control what happens on the airport in any more detail would be very limited. In relation to the federal leased airports, we obviously have a range of more direct regulatory controls which go through the master planning and development plan processes and, in that circumstance, we are trying to achieve the right balance between the airport operators' rights in relation to the site, which they acquired through a tender process, and the development of the site and the interests of the users.³⁴

2.18 The committee discussed the proposed airport at Badgerys Creek and heard that the department was in the process of determining the requirements for an environmental impact assessment, given that the last study of the Badgerys Creek site was completed in 1999-2000.³⁵

31 *Estimates Hansard*, 26 May 2014, pp. 146-150.

32 *Estimates Hansard*, 26 May 2014, pp. 151-152.

33 *Estimates Hansard*, 27 May 2014, pp. 3-4.

34 Mr Doherty, Acting Deputy Secretary, Department of Infrastructure and Regional Development, *Estimates Hansard*, 27 May 2014, p. 3.

35 *Estimates Hansard*, 27 May 2014, pp. 8-9.

2.19 The committee enquired as to whether there had been any comprehensive risk assessments completed at Sydney Airport since the introduction of a third runway in the early 1990s. The committee heard that a further environmental impact statement, including a comprehensive risk assessment, has not been necessary given that there have been no major changes to the operations or layout of the airport since the introduction of the third runway. However, it was noted that the relevant agencies and authorities continually update their safety management systems and conduct safety and security assessments.³⁶

2.20 In relation to the search for the missing aircraft MH370, the committee heard that Australian experts from search and rescue, air traffic control and civil aviation safety attended a special meeting of experts convened by the International Civil Aviation Organisation in order to examine how similar aviation incidents can be more effectively avoided and responded to.³⁷

Local Government and Territories

2.21 The issue of supplementary road funding in South Australia was discussed extensively. The committee heard that the existing supplementary road funding arrangements in South Australia, introduced as part of a lapsing program, would cease on 30 June 2014, but that increased funding had been allocated to the Roads to Recovery and Black Spots programs.³⁸

2.22 The committee sought to determine whether the department had undertaken any modelling in relation to how a wide variety of proposed budget measures would impact regional Australia. The committee was advised by the department that, having not been consulted on all budget measures, no such modelling had been conducted and that there were no imminent plans to undertake it.³⁹

2.23 Noting a proposed reduction in funding to local governments through the Financial Assistance Grants scheme, the committee asked the department to explain how local governments would be affected. The department informed the committee that some modelling had been undertaken in relation to how the proposed indexation freeze would impact current allocations to local councils. The department explained that it did not have enough information to adequately ascertain how each individual council would respond in reallocating its priorities.⁴⁰

36 *Estimates Hansard*, 27 May 2014, pp. 10-11.

37 *Estimates Hansard*, 27 May 2014, p. 12.

38 *Estimates Hansard*, 27 May 2014, pp. 13-14, 16-17, 22.

39 *Estimates Hansard*, 27 May 2014, pp. 14-16.

40 *Estimates Hansard*, 27 May 2014, pp. 15-23.

2.24 The committee discussed the assessment processes in relation to the selection of projects granted funding by the Regional Development Australia Fund (RDAF) and National Stronger Regions Fund.⁴¹

2.25 The committee sought an update on the financial position and future direction of Norfolk Island. Noting that the Australian National Audit Office had reviewed the financial statements of the Norfolk Island government and projected ongoing deficits, it was explained that the department was working closely with the Norfolk Island administration on a number of reforms aimed at improving its financial position and future economic viability.⁴²

National Capital Authority

2.26 After clarifying the role and future of the National Capital Authority, the committee sought updates on a range of potential or existing programs and projects, including:⁴³

- (a) the monitoring of blue-green algae in Lake Burley Griffin;
- (b) diplomatic leasing arrangements;
- (c) the proposed Immigration Place Monument;
- (d) the implementation of paid parking within the Parliamentary Triangle;
- (e) the development of Bowen Place Crossing; and
- (f) proposals for light rail on Northbourne Avenue;

Policy and Research

2.27 Officers of the department updated the committee on the department's current policy and research agenda and indicated that they were not expecting any changes to it as a result of budget reductions. Research issues discussed included: trends and indicators across regional Australia and urban areas; the evolution of Australian towns; regional rail passenger services; data on freight movements by commodity; road safety; public transport; and road user charging.⁴⁴

2.28 The committee sought updates on the work of the Office of Northern Australia, particularly in relation to the Northern Australian Strategic Partnership and the development of the Northern Australia Whitepaper.⁴⁵

41 *Estimates Hansard*, 27 May 2014, pp. 24-28.

42 *Estimates Hansard*, 27 May 2014, pp. 32-34.

43 *Estimates Hansard*, 27 May 2014, pp. 35-42.

44 *Estimates Hansard*, 27 May 2014, pp. 44-45, 52-58.

45 *Estimates Hansard*, 27 May 2014, pp. 46-52.

Surface Transport Policy

2.29 The committee explored current issues surrounding the regulation of coastal shipping in Australia.⁴⁶ The committee was informed that industry and stakeholder groups were being consulted in relation to three potential options for reform:

The first two options canvas regulatory settings around an open coast where the government does not regulate access by foreign flagged vessels to moving freight. The third option canvases whether there is a need to maintain a regulatory framework for access and what that might look like.⁴⁷

2.30 The committee sought an update on the current status of the intergovernmental agreement on national heavy vehicle legislation and was informed it commenced on 10 February 2014 in relation to Queensland, New South Wales, Victoria, South Australia, Tasmania and the ACT, with administration carried out by the National Heavy Vehicle Regulator. Western Australia did not sign the intergovernmental agreement and though Northern Territory signed the agreement, it had not yet enacted the relevant legislation at the time of the hearing. The committee further discussed challenges faced by the national scheme and barriers to Western Australia joining it.⁴⁸

National Transport Commission

2.31 Mr Mrdak updated the committee on National Transport Commission's recently approved work plan for the following year:

It is focused on three areas, firstly, ongoing reforms to underpin the National Heavy Vehicle Regulator, in particular, but also national rail regulation. Secondly, maintenance of existing regulations; for instance, the NTC is now doing work on heavy vehicle maintenance and compliance at the request of New South Wales following the discussion we had at the last estimates about dangerous goods. So, dangerous goods and national heavy vehicle maintenance, those types of projects are continuing. The third area is around national pricing. The NTC has recently finished a new determination for pricing and is continuing work for jurisdictions on that.⁴⁹

46 *Estimates Hansard*, 27 May 2014, pp. 60-64.

47 Ms Kennedy, Acting General Manager, Maritime and Shipping, Surface Transport Policy, Department of Infrastructure and Regional Development, *Estimates Hansard*, 27 May 2014, p. 60.

48 *Estimates Hansard*, 27 May 2014, pp. 66-70.

49 Mr Mrdak, Secretary, Department of Infrastructure and Regional Development, *Estimates Hansard*, 27 May 2014, p. 72.

Australian Maritime Safety Authority

2.32 The Australian Maritime Safety Authority informed the committee that it was in the process of auditing and costing all of the regulation it was responsible for, with a view to achieving the government's deregulation agenda.⁵⁰

2.33 The committee enquired about a reduction in the Protection of the Sea Levy, a levy designed to fund the National Plan to Combat Pollution of the Sea by Oil and other Noxious and Hazardous Substances. Mr Mick Kinley, Acting Chief Executive Officer, Australian Maritime Safety Authority (AMSA), assured the committee that the reduced levy and \$50 million in available funds were adequate to mount a pollution response.⁵¹

2.34 The committee sought information from officers regarding AMSA's safety standards for lifesaving appliances and whether AMSA had conducted inspections on Customs vessels, specifically the *ACV Ocean Protector* and *ACV Triton*, to ascertain whether they met the relevant standards.⁵²

2.35 ASMA explained its role in the search for missing aircraft MH370 and the committee sought information on how such an incident could be avoided in the future.⁵³

50 *Estimates Hansard*, 27 May 2014, pp. 74-75.

51 *Estimates Hansard*, 27 May 2014, pp. 75-76.

52 *Estimates Hansard*, 27 May 2014, pp. 76-86.

53 *Estimates Hansard*, 27 May 2014, pp. 87-88.

